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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960.

No. 501

BINKS MANUFACTURING COMPANY,
Petitioner,

vs.

LANSBURG ELECTRO-COATING CORPORATION,
Respondent.

PETITION APPENDIX
in support of
PETITION FOR WRIT OF CERTIORARI.

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THE SUNTHORP-WARREN PRINTING COMPANY, CHICAGO

It was pointed out that one of the features of the suggested new claim is the provision of feeding means which distribute coating material to an extended atomizing zone from which zone it is atomized from a plurality of spaced points with the points being so close together as to permit the coating material to bridge the spaces therebetween. Such, of course, is not the system of Formhals as, regardless of the spacing of his nozzles, the coating material being contained within the nozzle could not bridge the space therebetween.

It was suggested by the Examiner that the obviously inherent bridging of the coating material at least in the apparatus illustrated in Figures 5 and 6 be pointed out in the specification and accordingly the specification has been amended to do so.

The unallowed claims remaining in the application are proposed to be cancelled with this amendment and it was believed at the interview that an action of this nature by applicants would place the case in condition for allowance.

Therefore, withdrawal of the final rejection, entry of the present amendment, and reconsideration and allowance of the application as now presented are respectfully requested.

Respectfully submitted,

SCHROEDER, HOFGREN, BRADY & WEGNER,
WILLIAM J. STELLMAN.

Chicago, Illinois,
August 21, 1956.

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APPENDIX.

IN THE UNITED STATES COURT OF APPEALS
for the Seventh Circuit.

September Term, 1959—April Session, 1960.

No. 12737*

BINKS MANUFACTURING COMPANY, ETC.,
Plaintiff-Appellant,
vs.
RANSBURG ELECTRO-COATING CORPORATION, ETC.,
Defendant-Appellee.

Appeal from the United States District Court for the Southern District of Indiana, Indianapolis Division.

July 27, 1960.

Before SCHNACKENBERG, KNOCH and CASTLE, *Circuit Judges.*

CASTLE, *Circuit Judge.* Binks Manufacturing Company, plaintiff-appellant, prosecutes this appeal from a judgment of the District Court holding claims 1 to 6, 8, 10 and 11 of Starkey and Ransburg method patent No. 2,685,536 and Claim 4 of Starkey and Ransburg divisional apparatus patent No. 2,794,417 valid and infringed by use of the plaintiff's electrostatic spraying emitter. The judgment order enjoined plaintiff from further infringement, granted damages, reasonable attorneys' fees and costs to

* Only portions pertinent to Anti-Trust questions raised in Petition are printed herein.

defendant, and dismissed plaintiff's cross-counterclaim alleging anti-trust law violations by defendant. Ransburg Electro-Coating Corporation, defendant-appellee, is the assignee-owner of both patents.

The action originated in the District Court as a complaint for declaratory judgment, which was dismissed as moot when the defendant patentee counterclaimed charging plaintiff with infringement. Plaintiff's answer raised the issues of validity and infringement and its cross-counterclaim charged anti-trust law violations, unfair competition and misuse of patents. Substituted pleadings retained the same issues. The cause was heard on the pleadings, stipulations, admissions, answers to interrogatories, depositions, exhibits and the testimony of witnesses for the defendant.

The parties will be referred to by their original designations as plaintiff and defendant. Defendant is the patentee asserting infringement. Plaintiff is defending against that charge and affirmatively asserting anti-trust law violations.

The patents in suit relate to a method and apparatus for electrostatically coating articles with liquid coating material, including paint. There are several methods by which many articles of manufacture may be painted, including dipping, roller-coating, flow-coating and spraying. Defendant (and the predecessor partnership composed of its owners) has developed two methods of electrostatic coating. A compressed-air electrostatic system is referred to as the No. 1 Process. The patents in suit relate to an airless electrostatic system referred to as the No. 2 Process. During the year 1957 the total cost of all paint, varnish and lacquer used industrially in the United States approximated 644 million dollars. Approximately one per cent was applied by defendant's No. 2 Process and 0.6% by defendant's No. 1 Process.

In the No. 1 Process the paint is sprayed by means of compressed-air spray guns into an electrostatic field which is maintained between wires or electrodes and the conveyorized articles of manufacture so that paint particles are electrostatically charged and urged toward deposition upon the articles by the effect of the field.

In the No. 2 Process, the airless system to which the patents involved relate, the electrostatic field is maintained directly between an atomizing device and the articles on the conveyor. The liquid coating or paint is fed at a controlled rate to and distributed along the extended edge of a stationary or a rotary atomizing head. The strength of the electrostatic field at the edge is such that the field is capable of electrostatically atomizing fine electrically charged particles from the liquid. The field disperses these particles in the form of a spray and deposits them upon the articles to be coated. Patent No. 2,685,536 is upon the method employed in such airless electrostatic coating or spray-painting and patent No. 2,794,417 is upon the apparatus employed therein. The method and device electrostatically effect atomization, dispersion and deposition in combination and under control.

The No. 1 Process reduced coating material losses due to over-spray but in many instances considerable loss persisted because the electrostatic field only partially counteracted the tendency of the compressed-air blast to carry the coating material elsewhere than to the articles to be coated or painted. The No. 2 Process eliminated the necessity of compressed-air spray guns to atomize the coating materials. In many applications it virtually eliminated over-spray, and thus paint loss or waste. It reduced labor costs for clean-up operations and substantially reduced the manufacturer's investment in spray booths, exhaust systems and related equipment.

• • • • •

Plaintiff's cross-counterclaim alleged violation of Sections 1 and 2 of the Sherman Act (15 U. S. C. A. § 1 and § 2), and Section 3 of the Clayton Act (15 U. S. C. A. § 14). Plaintiff's contention that the District Court erred in the dismissal of its cross-counterclaim is predicated on charges that the District Court erroneously found and concluded that the defendant had not misused the patents in suit by reason of having combined licenses thereunder with leases of equipment and by not identifying the particular patents in the license agreements; that a cross-licensing agreement between defendant and another manufacturer was not for an unlawful purpose and its performance not a misuse of patents, nor in violation of the anti-trust law provisions, nor a damage to plaintiff; that a discontinued license-back provision in defendant's early license agreements did not constitute anti-trust law violation; and that patent procurement activities of the defendant did not violate the anti-trust law provisions.

On the record it had before it we cannot say there is clearly error in the District Court's finding and conclusion that plaintiff's domination of the airless electrostatic spraying system market is solely by virtue of the monopoly created by its patents and has not been extended or enlarged beyond its proper scope. The evidence supports a conclusion that plaintiff failed to establish that defendant has engaged in any activity beyond the exercise of rights incident to its patent monopoly.

The record establishes that defendant does not sell equipment outright nor has it licensed anyone to make and sell electrostatic spray-coating systems. Although defendant offers license agreements containing a lease of equipment the leasing arrangement is not imposed as a condition of licensing and licenses are available without equipment being leased from the defendant. The combined license-lease arrangement was therefore not illegal nor a

misuse of patents under the Clayton Act. *Cf. Linde Air Products Co.* v. *Graver Tank & Mfg. Co.*, 7 Cir., 167 F. 2d 531, 539. Although the record discloses that customers preferred the license-lease arrangement it is not indicated that such preference was due to defendant's insistence. Nor did the evidence concerning the difference in consideration paid require a finding that it was a compelling factor. That defendant furnished replacement parts without additional charge where the licensee leased equipment does not, on the facts here involved, evidence a Clayton Act or other anti-trust law violation. *Cf. Stearns* v. *Tinker & Rasor*, 9 Cir., 252 F. 2d 589, 604. The monopoly of defendant's patents was not extended by the agreement to articles or supplies not covered by the patent.

The license agreement does not identify specific patents but grants a right to use an identified process for coating particular items in accordance with a system identified by a drawing. No licensee pays for or receives any license under a patent not applicable to the system. The licenses are terminable by the customer on thirty days notice. It does not appear that any attempt is made to extend a patent monopoly beyond the life of the patent, nor is the issuance of a license to use the system covered by the patents in suit conditioned on the acceptance of licenses under unwanted patents. No prohibited "package licensing" is involved. *Apex Electrical Mfg. Co.* v. *Altorfer Bros. Co.*, 7 Cir., 238 F. 2d 867, 871; *Automatic Radio Mfg. Co. Inc.* v. *Hazeltine Research, Inc.*, 339 U. S. 827.

Defendant's cross-licensing agreement with Behr-Manning does not purport to embrace the patents in suit and the evidence establishes no direct damage to plaintiff's business or property as a result thereof. Relief under plaintiff's cross-counterclaim cannot be predicated on the cross-licensing agreement. *Blaski* v. *Inland Steel Company*, 7 Cir., 271 F. 2d 853, 854-5. It is unnecessary that

we consider the specific findings made by the District Court as to its validity or effects otherwise.

Between 1951, when defendant began to market its No. 2 Process on a commercial scale, and 1955 the license agreement contained license-back provisions requiring that future inventions by the licensee pertaining to method and apparatus for electrostatic atomization of liquids or to coating with the electrostatically atomized liquids be licensed to defendant royalty-free, on a nonexclusive basis, with the right to sub-license. The license-back provisions were eliminated from defendant's license forms in 1955. Defendant obtained no licenses from any of its licensees pursuant to the clause and the effect of the clause on the incentive of licensees to make improvements is purely conjectural. A license-back clause is not illegal *per se*. *Transparent-Wrap Machine Corp.* v. *Stokes & Smith Co.*, 329 U. S. 637. Unlike the situations condemned in *United States* v. *General Electric Co.*, 80 F. Supp. 989 and *United States* v. *General Electric Co.*, 82 F. Supp. 753 there is no wide-spread network of such agreements between competing companies affecting an entire industry.

Plaintiff's contention that the representations made by defendant to the patent office in the procurement of the patents in suit were false has been considered in connection with the arguments addressed to the question of commercial success. It is apparent that the representations did not evidence a purpose to "monopolize wrongfully the entire field of electrostatic coating on false affidavits" in violation of anti-trust law prohibitions as urged by plaintiff.

Plaintiff asserts error based on the District Court's ruling excluding from evidence, on defendant's objection, a certified copy of a consent judgment in an action brought by the United States against the Behr-Manning Corporation and certain other manufacturers charged with con-

spiring by means of patent agreements to monopolize commerce in coated abrasives. This consent decree did not find or adjudicate that the agreement between defendant and Behr-Manning was a violation of anti-trust law or otherwise unlawful, and neither that agreement nor the defendant was involved in any way in that action. It was an agreed judgment not in any way binding on defendant. The defendant was neither a party nor a privy to the action. There was no error in rejecting the proffered decree.

• • • • •

The judgment of the District Court is affirmed in all respects except insofar as it allows attorneys' fees to defendant. It is reversed as to the allowance of attorneys' fees.

1(d) APPLICABLE STATUTES.

United States Statutes Relied On in This Petition.

15 U. S. C. A.

§1. Trusts, etc., in restraint of trade illegal; exception of resale price agreements; penalty

"Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal:"

15 U. S. C. A.

§2. Monopolizing trade a misdemeanor; penalty

"Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court. As amended July 7, 1955, c. 281, 69 Stat. 282."

15 U. S. C. A.

§14. Sale, etc., on agreement not to use goods of competitor

"It shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies, or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or dis-

count from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce. Oct. 15, 1914, c. 323, § 3, 38 Stat. 731."

15 U. S. C. A.

§15. Suits by persons injured; amount of recovery

"Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained and the cost of suit, including a reasonable attorney's fee. Oct. 15, 1914, c. 323, § 4, 38 Stat. 731."

15 U. S. C. A.

§26. Injunctive relief for private parties; exception

"Any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the antitrust laws, including sections 13, 14, 18, and 19 of this title, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue:"

28 U. S. C. A.

§1254. Courts of appeals; certiorari; appeal; certified questions

"Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;"

28 U. S. C. A.

§1338. Patents, copyrights, trade-marks, and unfair competition

"(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws. June 25, 1948, c. 646, 62 Stat. 931."

ADMISSIONS AND ANSWERS TO INTERROGATORIES BEARING ON ANTI-TRUST.

(Int. Stands for Interrogatories and R. A. Stands for Request for Admissions.)

Int. 85. What is the amount of royalties and fees received year by year by the defendant to the present date on the licenses which it has granted in the electrostatic spray coating field?

Int. 86. What is the amount of royalties and fees received year by year to the present date by the Defendant on its licenses for airless electrostatic spray coating?

85 and 86. Total fees received year by year by defendant (and by defendant's predecessor) for its compressed air spray process (No. 1 Process) and for its airless process (No. 2 Process) since the commencement of the marketing of its electrostatic spray coating processes in 1944 are approximately as follows:

Year	No. 1 Process Fees	No. 2 Process Fees
1943	0	
1944	$ 47,000	
1945	165,000	
1946	270,000	
1947	380,000	
1948	555,000	
1949	665,000	0
1950	810,000	$ 6,000
1951	880,000	210,000
1952	920,000	535,000
1953	890,000	700,000
1954	820,000	1,075,000
1955	830,000	1,485,000
1956	720,000	2,220,000
1957	630,000	2,640,000

Int. 12. (a) Does the defendant know of any other supplier in the trade in the United States of America of airless electrostatic spraying equipment.

12. (a) No, not as a unit.

Int. 16. (a) Does the defendant know of anyone else in the United States of America that is manufacturing and selling electrostatic spraying equipment for atomizing liquid into discrete particles without the use of air.

16. (a) No.

R. A. 41. Does the defendant admit that prior to the issuance of its process patent No. 2,685,536, as far as is known to defendant, it was the sole manufacturer and supplier in this country of airless electrostatic spraying systems?

41. Yes.

R. A. 46. Does the defendant admit that it is presently attempting to enjoin the manufacture and sale of all competitive airless electrostatic spraying systems on the market known to defendant?

46. Yes.

R. A. 17. That defendant has issued in excess of three hundred licenses in the field of airless electrostatic spray coating, and in each instance, the license provided for defendant leasing equipment under each such license.

17. Admitted.

R. A. 38. Does the defendant admit that (a) during the period of five (5) years preceding this suit it, in connection with its licensing program, charged initial fees of $5,000.00 to $40,000.00 * * *

38. (a) Yes.

R. A. 71. Does the defendant admit that in granting its licenses in the airless electrostatic coating field

(a) it has not only granted licenses under its letters patent in suit, but has also joined with such licenses leases for equipment furnished by the defendant and

(b) has at all times maintained title to all equipment it has furnished its licensees under its agreements with them and

(c) in no case prior to the filing of this suit has it ever actually granted a license without the license being accompanied by a lease of equipment?

71.

(a) Yes.

(b) Yes.

(c) Yes.

R. A. 85. (a) That as far as defendant knows, as of on or about July 15, 1953, there was no airless electrostatic spray coating system on the market outside of those being marketed by Defendant, and

(b) the only source, as far as Defendant knew, for such systems was the Defendant.

85. (a) Admitted.

(b) Admitted.

Int. 75. Does the defendant know of any concern or party other than Defendant which renders any servicing for Defendant's electrostatic spray coating equipment in the hands of Defendant's licensees?

75. No, other than the licensees.

Int. 3. (a) How many licenses have been granted by defendant on electrostatic spraying,

(b) how many of those licenses are still in force and effect and

(c) what are the dates of all licenses that have been granted and the names of the licensees of all such licenses?

3. (a) 732, up to the date of the filing of the complaint.

(b) 463, up to the date of the filing of the complaint.

(c) Exhibit "B" attached lists the names and locations of the licensees and the dates of all licenses granted by defendant up to the date of the filing of the complaint for electrostatic spray coating of articles. In addition to the licenses identified in Exhibit "B", defendant on commencement of business acquired from its predecessors in business a number of licenses with companies engaged in electrostatic spray coating of articles.

Int. 169. With regard to defendant's indication or notice beginning around 1948 to its licensees that it was coming on to the market with an airless electrostatic spray coating system,—

(a) approximately what percentage of its licensees thereafter leased the No. 2 system.

169.

(a) Of the licenses granted subsequent to the year 1950, when Defendant first indicated to its No. 1 system licensees that it was coming on the market with a new system, approximately 66 percent were for the No. 2 system.

R. A. 88. (a) Defendant has never leased any of its airless electrostatic spray coating equipment without at the same time granting a license under its patents.

88. (a) Defendant admits that it has never leased any of its airless electrostatic spray coating equipment without at the same time granting, at least by implication, license under its patents to use the leased equipment in accordance with the terms of the contract with the customer; otherwise denied.

Int. 8. (a) How many different forms of licenses and leases has the defendant used in its licensing and leasing program,

(b) what is the date that each of the same was adopted and

(c) what is the number or other identity given to each form of lease and license.

8. (a) (b) (c) All of defendant's agreement forms relating to electrostatically spray coating of articles are attached as Exhibits D-1 through D-45, and such exhibits are self-explanatory.

Int. 170. (a) Was substantially the same pattern of selling its licensees initially on the No. 2 airless system used as was employed in selling its air type No. 1 system, and

(b) was the experience gained in leasing the No. 1 system of assistance in getting customers to lease the No. 2 system, and

(c) when customers leased the No. 2 system in place of the No. 1, was there in any proportion of such leases no substantial interruption in the payment of fees to defendant by its customers, and

(d) did some customers contemporaneously lease both the No. 1 and No. 2 systems,

170. (a) Yes, in many respects.

(b) Defendant's experience in marketing its No. 1 system was of assistance in marketing its No. 2 system.

(c) Yes.

(d) Yes; some customers have simultaneously been licensees of the No. 1 and No. 2 systems, as shown in Exhibit A to the answer to Plaintiff's Interrogatory No. 2 (b).

R. A. 84. Beginning around March 21, 1949, and for several years thereafter, defendant leased and licensed its No. 2 airless electrostatic coating system without having *issued* to it any letters patent affording the defendant exclusive patent rights as to airless electrostatic spray coating, and

(b) defendant in its leasing and licensing of the No. 2 system during *said several year period* included in every instance in its printed form of an agreement a provision that the lessee was being licensed under letters patent or patent applications of the defendant, * * *

84. (a) Admitted.

(b) Admitted.

R. A. 45. Does the defendant admit that in the case of its printed licensing and leasing forms previously identi-

fed herein, such forms were printed by or for the defendant

(a) and submitted generally to prospective licensees, and

(b) not for or on behalf of any particular licensee?

45. Yes.

R. A. 44. Does the defendant admit that in its licensing of airless electrostatic spraying systems, it in each instance prepared the license and lease and submitted them to the licensee?

44. Yes.

R. A. 56. Does the defendant admit that in granting licenses, licensees have not only been given the benefit of operating under the patents taken out by the defendant, but also under other patent rights acquired from third parties?

56. Yes, in such cases as such rights were applicable.

R. A. 58. Does the defendant admit that in no instance where it has acquired patent rights from other parties has any of such parties gone into competition with the defendant in the electrostatic liquid spraying field?

58. Yes.

R. A. 11. That defendant is presently charging with patent infringement each known supplier who has offered airless electrostatic spray coating systems for sale in the United States.

11. Other than the instant case, Defendant has charged with patent infringement one supplier in the United States of airless electrostatic spray coating systems, and knows of no other such suppliers; otherwise denied.

R. A. 57. Does the defendant admit that in its licensing program on electrostatic spraying systems it has for the most part used printed forms of licenses which do not

single out any particular patents by number, of those in the portfolio of the defendant?

57. Yes.

Int. 40. (a) How many licenses were granted by the defendant prior to the issuance of the Starkey patent on August 3, 1954 for airless electrostatic spray coating (without the use of air)?

40. (a) 171.

Int. 81. (a) Has the defendant issued any licenses relating to electrostatic spray coating in which the duration of payments to be made by licensees was confined expressly by the terms of such license to the life of any patent or patents under which such license was granted.

81. (a) No.

Int. 52. (a) Has the defendant ever submitted a license under its Starkey patent alone without an accompanying proposed agreement for the furnishing of equipment by the defendant * * *.

52. (a) Defendant has never submitted any license limited to its Starkey, et al. patent alone.

Int. 53. (a) Has the defendant ever offered to license, under the Starkey Patent No. 2,685,536, any manufacturer of spray coating equipment capable of practicing the process of the Starkey patent with the right to make and sell electrostatic emitters.

53. (a) No.

Int. 79. Did Defendant, in letters transmitting license and lease agreements after May, 1953 include in such letters a statement reading substantially as follows: "We understand that you wish this type of agreement rather than one under which we do not furnish these additional items"?

79. Yes, but said letters transmitted proposed contracts for execution rather than consummated agreements.

Int. 80. (a) Does Defendant know of any prior writings from recipients of the letters referred to in the preceding interrogatory requesting Defendant to supply equipment as part of the agreement referred to in the quoted statement, * * *

80. (a) No, although there may be some such writings which might be found upon a search of the files.

Int. 10. What part of the defendant's cost of each piece of leased equipment is recovered by the defendant at the time of its granting a lease and a license under its patents?

10. All of it.

R. A. 97. (a) The figure of forty percent of the initial leasing fee for a patent license without equipment set forth in the third paragraph of defendant's "Pricing Guide for No. 2 Process," dated July 15, 1953, was not dependent upon or varied by the number of patents or patent applications applicable to the equipment to be licensed.

(a) Admitted.

Int. 182. (a) With regard to defendant's "Pricing Guide for No. 2 Spray Process" dated July 15, 1953 (Exhibit JJJ-2), what basis was employed for arriving at figure of forty percent of the initial fee as set forth in the third paragraph thereof, and

(b) was the predetermined forty percent figure applicable regardless of the number or character of the patents involved.

182. (a) The initial fee of Exhibit JJJ-2 for a non-equipment license, had one been desired, was expressed as 40 percent of the initial fee for a license with equipment, the difference between said initial fees representing, on the average, the cost of the equipment furnished and installation supervision, plus a reasonable profit thereon.

(b) Yes, because the initial fee is related to the value to the licensee of the system in operation and not to the number of patents involved.

Int. 11. (a) Does the defendant, as a part of its patent licensing and leasing program, render engineering and technical services to its licensees?

11. (a) Yes.

Int. 89. (a) Has Defendant or anyone else ever sold or offered for sale any second-hand or used equipment of Defendant for airless electrostatic spray coating,

89. (a) No.

R. A. 110. (b) Defendant licenses in blanket form all of its patents which it considers may be applicable in each instance.

110. (b) Admitted to the extent that each of Defendant's customers receives, in effect, a covenant that it will not be sued for infringement of any of Defendant's present or future patent rights so long as the customer does not operate beyond the scope of the use specified in its written agreement with Defendant; otherwise denied.

Int. 187. (a) Is it a fact that as a general rule in the majority of instances, the customer in leasing defendant's equipment is never advised by defendant as to the patent numbers of the patents being licensed in defendant's portfolio of patents and patent rights.

187. Without adopting Plaintiff's characterization of Defendant's marketing program, Defendant answers this Interrogatory as follows:

(a) Yes.

R. A. 51. Does the defendant admit that as far as it knows there are no secondhand dealers in the United States handling electrostatic airless spray coating systems?

51. Yes.

R. A. 52. Does the defendant admit that as far as it knows there is no servicing organization in the United States outside of itself for servicing its co-called No. 2 airless electrostatic coating system?

52. Yes.

R. A. 53. Does the defendant admit that under its licensing and leasing agreements with its existing licensees, it is obligated to furnish replacement parts on equipment that it furnishes such licensee?

53. Yes, subject to conditions specified in the agreement.

R. A. 54. Does the defendant admit that in connection with its licensing and leasing program on airless electrostatic spraying systems it usually, as a part of the fees received by it, for the most part supplies the majority of replacement parts on the equipment furnished by the defendant to its licensees?

54. Yes.

Int. 183. (a) As to the agreement No. 5228 with Avco Manufacturing Corp., was form No. 434 previously identified by defendant as D-29 allegedly adopted in April, 1952, used in said agreement, and

(b) is said agreement, as modified in defendant's agreement letter of January 18, 1954, to Avco, still in force and effect, and

(c) does said agreement as executed include the "future inventions" Paragraph 11 of said form, and

(d) did such agreement as executed include the provision that "Ransburg shall have the right to terminate this agreement at any time after three years from the date of Ransburg's acceptance hereof upon six months' written notice to user"?

183. (a) Yes.

(b) Yes.

(c) Yes.

(d) Yes.

R. A. 90. (a) That of the thirty-six patents listed in Exhibit A embodied in defendant's agreement of January 18, 1954, comprising part of its airless electrostatic coating agreement No. 5228 with Avco Manufacturing Corp., only

four, namely Turner Patent No. 2,651,287 and Crouse Patent No. 2,568,611, Ransburg patents Nos. 2,658,009 and 2,658,472, disclosed or claimed *airless* electrostatic spraying of liquid, and

(b) none of those patents covered the No. 2 system leased and licensed to Avco Manufacturing Corp.

90. (a) Admitted.

(b) Admitted.

Int. 193. By the expression, "the possible competition by them" referred to in the letter of March 4, 1943, "Re: Brush License"

(a) was reference made to possible competition by the Brush Development Company, with whom Harper J. Ransburg Company had previously entered into a license agreement dated September 19, 1942,

193. (a) Defendant has no more knowledge of the significance of the quoted expression than appears from the letter itself.

Int. 196. (a) Is the following statement quoted from a letter dated May 6, 1941 to Western Electric Company from the Ransburg Company's Counsel factually true:

"While, at the present time, our client is experimenting with spraying equipment primarily for their own products and in their own plant, it is contemplated that if it develops successfully and there is any demand, their interest would then extend to the sale or lease of such equipment to others."

196. (a) It is true, as far as it goes.

Int. 111. As far as the defendant knows, have the parties to the cross license agreement dated September 26, 1944, between Ransburg and Behr-Manning Corp. whereby the electrostatic deposition field was divided into one of liquid particle coating and another of solid particle coating

(a) lived up to the provisions of such agreement, and

(b) is such an agreement still of force and effect?

111. Without adopting plaintiff's characterization of said contract, defendant answers Interrogatory 111 as follows:

(a) Yes.

(b) Yes.

Int. 160. (a) Did the defendant or its predecessor ever receive in writing any notice of patent infringement from Behr-Manning.

160. (a) No.

R. A. 102. (a) In the negotiations by the Defendant's predecessor with Behr-Manning Corporation leading up to the agreement of September 26, 1944, the Ransburg Company, as of August 8, 1944, made the following representation to Behr-Manning Corporation: Patent No. 2,270,341 is the one to which we referred as possibly interesting to you in the abrasive or pileous fabric field, or at least one in which you could contribute materially in the composition cork industry or the fireproof insulating shingle industry."

• • • • •

(c) defendant, after the consummation of said agreement, never did market or license or lease any equipment under its said patent 2,270,341 in the solid particle field,

102. (a) Admitted.

(c) Admitted.

R. A. 103. In the negotiation of defendant's predecessor company with Behr-Manning corporation leading up to the consummation of the agreement dated September 26, 1944,

(a) The Ransburg Company in a letter dated November 13, 1944, to Behr-Manning Corporation, indicated its "greatest concern" was as follows:

"Our greatest concern and that to which we have given the most thought and consideration was the question of just how to word our future license agreements so that there could be no question in the minds of our users that they were restricted from operating in your field, and still not create undue sales resistance for ourselves. It was

originally our thought that this would best be accomplished by adding to our license agreements "said right does not include the use of this process in the manufacture of abrasive articles or articles coated with particles of fibrous material of every kind."

• • • • •

(a) Admitted.

Int. 83. (a) Has Defendant received any inquiries for licenses in the fields of manufacturing abrasive articles, flock coated articles, and/or articles coated with fiber-shaped particles, and if so,

(b) what disposition was made of such inquiries?

83. (a) No, but on occasion defendant has received inquiries as to whether its processes and equipment are suitable for one or more of these purposes.

(b). Defendant has replied in substance that its processes and equipment are primarily for electrostatic painting, and has informed the inquirer that Behr-Manning Company might be able to furnish the desired information.

R. A. 82. (a) Defendant received a letter dated February 10, 1955, from the Dewey and Almy Chemical Company of Cambridge, Massachusetts, reading as follows:

"Ransburg Electro-Coating Corporation
1204 Barth Avenue
Indianapolis, Indiana

Gentlemen:

We understand that you manufacture equipment for charging drums electrostatically to be used with a floc spraying process in coating materials. Could you send us your literature on the equipment and whatever else you may have on the floc spraying process. We have an application which we are considering for use on this process and are interested in what you may have.

Very truly yours,

D. A. Trageser"

and

(b) defendant replied to such letter in a letter dated February 15, 1955, reading as follows:

"Dewey and Almy Chemical Company
Div. of W. R. Grace & Co.
Cambridge 40, Massachusetts

Gentlemen:

We have your letter of February 10 and wish to thank you for your interest in electrostatic spraying. The application of flock with electrostatic methods is somewhat out of our field since we are primarily interested in the application of liquid coating material such as paints, lacquers, enamels, etc. The field of flock coating electrostatically has been quite fully and completely developed by the Behr-Manning Corporation of Troy, New York. I would like to suggest that you contact them concerning your problems. Mr. John Amstus of that company would be pleased to discuss these matters with you.

Very truly yours,

Emery P. Miller"

82. (a) Admitted.

(b) Admitted.

R. A. 101. (a) In the negotiations for the license agreement dated October 7, 1948, between Research Corporation of New York and the defendant, a revised draft of the agreement was submitted to defendant's counsel by Research Corporation in a letter dated August 23, 1948, and wherein Paragraph 3(c) of the agreement setting forth the license right given to defendant and the right to sublicense was modified to include the following:

"• • • *provided nevertheless* that such right shall be limited to apparatus employing one or more of the inventions of the Licensed Patents in the electrostatic deposition of liquid materials and shall specifically preclude any use in connection with flock-deposition, flock-coated material, or the manufacture of abrasives and coated abrasives," and

(b) such agreement was executed with said quoted provision, and

(c) defendant after the execution of said agreement did not violate the requirements of the aforesaid quoted provisions.

101. (a) Admitted.

(b) Admitted.

(c) Defendant admits that it has not engaged, and has not purported to license any other to engage, in flock-deposition, or the manufacture of any flock-coated material, abrasives, or coated abrasives under the patents which were the subject of its contract with Research Corporation; but Defendant otherwise denies section (c) of Request No. 101, and specifically denies that its contract with Research Corporation expressed any commitment limiting its activities.

Int. 82. (a) Has defendant issued any license in the fields of manufacturing abrasive articles, flock-coated articles and/or articles coated with fiber-shaped particles,

82. (a) No.

R. A. 94. (a) As far as known by the defendant, at least since the execution of its predecessor's agreement dated September 26, 1944 with Behr-Manning Corporation, it has never experienced any competition by that company in the field of electrostatic spray coating of liquid particles.

94. (a) Defendant admits that to the best of its knowledge Behr-Manning Corporation has never attempted to market any system involving electrostatic coating with liquid particles; otherwise denied.

R. A. 105. During the course of its negotiations leading up to the license agreement dated September 26, 1944, with Behr-Manning Corporation, defendant's predecessor company received in the usual course of business the following quoted letter dated November 24, 1944:

"November 24, 1944

Mr. Harper J. Ransburg
Harper J. Ransburg
Company
Indianapolis 7, Indiana

Dear Mr. Ransburg:

"Enclosed you will find three copies of the electrocoating agreement which have been signed by Behr-Manning in the form in which the agreement was redrafted as outlined in your letter of November 13. We think that the suggested changes were in accord with our verbal discussion and reflect a true meeting of minds.

"It is my impression that the copy of the electrocoating agreement which you have executed with your existing licensees or had under negotiation with prospective licensees at the time our agreement was being consummated, contains an indication of the purpose for which the licensed Ransburg equipment is to be employed by the licensee.

"If this is the case and since no licenses have to your knowledge been granted in the flock or abrasive fields, we do not foresee difficulty or conflict with any of your existing licensees and it should not be difficult for you to so limit your future licensees as to prohibit the employment of the patents under which you have given us exclusive rights for abrasives and flock coated articles, in these fields.

"We are looking forward to a pleasant and mutually profitable association in this new cross license agreement.

Your very sincerely,

Behr-Manning Corporation
E. C. Schacht
VicePresident"

105. Admitted.

R. A. 91. Defendant entered into licensing and leasing agreements as to its electrostatic airless or No. 2 system with Enameled Steel and Sign Company of Chicago, Illinois (No. 3448) as of March 21, 1949, and with Eastern Venetian Blind Company of Baltimore, Maryland (No. 3530) as of June 14, 1949,

(a) in each of which agreements the licensee or user was given a patent license to use defendant's Process, with the express provision "but said right shall not include the use of said Process in the manufacture of abrasive articles, flock-coated articles or articles coated with fiber shaped particles," and

(b) that as far as is known to defendant, the equipment furnished under the aforesaid two agreements was not used "in the manufacture of abrasive articles, flock-coated articles or articles coated with fiber shaped particles."

(a) Admitted.

(b) Admitted.

R. A. 99. In the license agreement entered into by defendant with Research Corporation of New York on October 7, 1948, in which the defendant obtained a license to manufacture, use and sell apparatus embodying the inventions of patents Nos. 2,097,233 and 2,221,338 and to sublicense others to use the methods of said patents and to use and sell, but not to manufacture the apparatus of said patents; it was specifically provided that the license granted defendant "does not include use of any such invention in connection with flock deposition, flock-coated material or in the manufacture of abrasives and coated abrasives."

99. Admitted.

ADMISSIONS AND ANSWERS TO INTERROGATORIES BEARING ON PATENT PHASE.

(Int. stands for Interrogatory and R. A. for Requests for Admissions.)

Int. 117. (a) Was the defendant ever advised by Dr. Emery P. Miller or anyone else that prior to October 1943, it was old in the scientific arts to use an electrostatic field for *effecting* atomization and spraying of liquid particles and if so

(b) what was the name of such person,

(c) the identity of such prior use, and

(d) the date when such advice or knowledge was received?

117. (a), (b), (c), and

(d) Since coming into existence, defendant has known that it was old, prior to October 1943, to use an electrostatic field for effecting atomization and spraying of liquids. At least one of the officers of defendant possessed such knowledge at the time of defendant's incorporation on January 1, 1948.

R. A. 60. For the purpose of this lawsuit, does the defendant admit (as testified to by Dr. Emery P. Miller, R. 42 to 44)

(a) that airless electrostatic detearing was used commercially before the making of the alleged Starkey et al invention of patent 2,685,536 in suit and * * *

60.

(a) Yes.

R. A. 68. Does the defendant admit that

(a) its so-called No. 1 or air type electrostatic coating system is prior art with reference to both of the patents in suit and (b) * * *

68.

(a) Yes.

Int. 152. In connection with defendant's answer to Interrogatory 117, wherein it said "defendant has known that it was old, prior to October 1943, to use an electrostatic field for effecting atomization and spraying of liquids.",

(a) what is the name of the officer or officers who had such knowledge,

(b) what is the identity of the source of party or persons from which such knowledge was derived, and

(c) was any of such knowledge acquired in written form or reduced to writing, and

(d) if so, what is the identity of each and all such papers in writing bearing in any way on such knowledge?

152.

(a) E. M. Ransburg

(b), (c) and (d) Such knowledge was acquired from the United States Patent to Darrah, No. 1,958,406, cited by the Patent Office Examiner in the file wrapper of Starkey Patent No. 2,685,536 in suit.

R. A. 61. For the purpose of this law suit does the defendant admit that

(a) airless electrostatic detearing was in public or commercial use more than one year prior to the original filing date, September 29, 1944, of the Starkey et al letters patent in suit, and

(b) that according to such detearing excess liquid on the previously coated given object was atomized, dispersed and deposited in liquid form on another object such as a grid?

61.

(a) Yes.

(b) No, but incidental to the removal of excess material from coated articles by electrostatic detearing, on occasion some atomization, dispersion, and deposition of the material upon the apparatus and floor occurred sporadically and momentarily.

Int. 22. (a) What was the highest voltage the defendant has ever used in conjunction with its *air type* of electrostatic spraying equipment,

(b) when and

(c) where was such equipment operated?

22. (a) Defendant's electrostatic coating processes using compressed air spray guns have been operated commercially at a voltage as high as approximately 90,000 volts.

(b) July, 1951 and subsequently.

(c) Roberts Manufacturing Company, Cleburne, Texas and subsequently at other places.

R. A. 70. Does the defendant admit that as far as its No. 1 air type electrostatic system is concerned, it has always provided for the introduction of liquid into the field in such manner that none of the liquid entered in the corona discharge of the high potential electrode?

70. No.

R. A. 66. Does the defendant admit for the purpose of this lawsuit (as testified to by Dr. Emery P. Miller, R. 126) that liquid that is atomized in an electrostatic field is of necessity also dispersed?

66. Yes.

R. A. 64. Does the defendant admit as to both of its two Starkey et al patents in suit, 2,685,536 and 2,794,417, that the earliest act of conception that will rely upon herein is the paint brush activity commencing on or about October 8, 1943, and documented in a notebook as of October 29, 1943, with the following notation, "Al Starkey suggested using the detearing action from the bottom of a brush as the atomizing agent to spray items passing under this arrangement"?

64. Yes.

R. A. 62. For the purpose of this lawsuit and in connection with defendant's previous admission 14 as to its use of a wet paint brush, does the defendant admit that when the

paint brush was disposed in an electrostatic field, it emitted liquid paint which was atomized, dispersed and deposited on an article such as paper?

62. No. However, defendant admits that when the paint brush was effectively arranged as one terminus of the electrostatic field and the article was effectively arranged as the other terminus of the field, liquid paint was atomized from the brush and the atomized particles were dispersed and deposited on the article.

R. A. 65. Does the defendant admit for the purpose of this lawsuit (as testified to by Dr. Emery P. Miller, R. 154) that

(a) in the use of its so-called air type No. 1 electrostatic coating system, such system had been tried and operated with a "jet or liquid adjacent the high potential electrodes in the area of the corona discharge" and

(b) "and with the result that the material atomized off the device"?

65. No, but Dr. Emery P. Miller observed that, upon shutting off the operation of the air type No. 1 electrostatic coating system, when the flow of compressed air from the air spray gun ceased before the flow of paint ceased, a jet of liquid paint was momentarily discharged adjacent the high potential electrodes in the area of the corona discharge, with the result that some atomization occurred.

R. A. 14. That an initial act of conception in connection with the subject matter of the Starkey and Ransburg patent in suit was the observation by Starkey of the behavior of a wet paint brush in an electrostatic field.

14. Admitted.

R. A. 63. Does the defendant admit with regard to its original paper exhibit (PX-B) used in connection with the initial paint brush inception of the alleged Starkey et al invention, the paint that was applied to the paper was electrostatically atomized, dispersed and deposited on the paper?

63. Yes.

Int. 164. • • •

(d) is the Starkey et al process patent No. 2,685,536 in suit based upon the principle observed in the behavior of a wet paint brush in an electrostatic field observed by Starkey?

(d) In part.

Int. 165. (a) Did the operation of the behavior of the wet paint brush in an electrostatic field observed by Starkey, as referred to in Request for Admission No. 14, include the step of maintaining, between the brush and the piece of paper (Exhibit No. B) which was coated, an electrostatic field which electrostatically effected atomization, dispersion and deposition of paint?

165. (a) The initial act of conception referred to in Defendant's reply to Request for Admission No. 14 did not involve any paper, but did involve existence between the brush and an opposed surface of an electrostatic field which electrostatically effected atomization, dispersion and deposition of paint on such surface.

R. A. 72. Does the defendant admit that it was a party plaintiff in a suit brought in the district court of the District of Columbia under 35 U. S. C. 145, formerly known as Section 4915 of the Revised Statutes, to adjudge Emery P. Miller as being entitled to receive a patent on an application, Serial Number 626,631, filed on November 5, 1945, and which case was decided adversely to defendant on March 2, 1955, in 129 F. Supp. 241, affirmed at 229 F. 2d 21?

72. Yes.

R. A. 74. Does the defendant admit at the time of the pendency of the *Miller* v. *Weeks* suit (129 F. Supp. 241) that as to the three prior reference patents in suit referred to in the court's decision it had a license under the Wintermute patent 2,221,338 and owned the other two patents, namely the Pugh patent 1,855,869 and the Ransburg patent 2,334,648?

74. No, but defendant admits that, at the time of the pendency of the *Miller* v. *Weeks* suit (129 F. Supp. 241), of the three prior reference patents referred to in

the court's decision, defendant had a license under the Wintermute patent 2,221,338 and owned the Ransburg patent 2,334,648, the Pugh patent 1,855,869 having previously expired.

R. A. 73. Does the defendant admit that its licensing program with respect to the use of an electrostatic field in the dispersing and depositing of an oil coating was urged as part of its commercial success picture in the aforesaid law suit, *Miller* v. *Weeks*, No. 1730-53, 129 F. Supp. 241?

73. No. But Defendant admits that it relied upon its oil-coating licenses as evidence of commercial success in such suit.

R. A. 75. Does the defendant admit for the purpose of this law suit that the electrostatic deposition process of its patent 2,685,536 can be used for the atomization, dispersion and deposition of a lubricant or oil coating on an article?

75. No, but defendant admits that the process of its patent 2,685,536 can be used for the atomization, dispersion, and deposition of a lubricant or oil coating on an article.

R. A. 79. (a) The William A. Starkey et al application Serial No. 556,390 referred to in the E. M. Ransburg patent No. 2,658,009, which was issued November 3, 1953 from an application filed May 13, 1948 and was entitled "Electrostatic Coating Method and Apparatus," is the same parent application from which both of the Starkey et al patents Nos. 2,685,536 and 2,794,417 in suit were based, and

(b) the process of said Ransburg Patent No. 2,658,009 is dominated by claims in suit of the Starkey process Patent No. 2,685,536,

(c) the apparatus disclosed in said Ransburg Patent No. 2,658,009 is dominated by Claim 4 of the Starkey apparatus Patent 2,794,417 in suit.

79. (a) Admitted.

(b) Defendant admits that certain aspects of the

process of said Ransburg Patent No. 2,658,009 are regarded by Defendant as dominated by claims in suit of the Starkey Process Patent No. 2,685,536; otherwise denied.

(c) Defendant admits that certain features of one form of apparatus disclosed in said Ransburg Patent No. 2,658,009 are regarded by Defendant as dominated by Claim 4 of the Starkey Apparatus Patent No. 2,794,417 in suit; otherwise denied.

R. A. 80. (a) The specific apparatus for electrostatic coating shown in the drawings of the Ransburg Patent No. 2,658,009 making use of a secondary electrostatic field between the jet propelling nozzle and the article has never been commercialized by the defendant,

(b) but the defendant has commercialized the "general process" of the Ransburg Patent 2,658,009 in its licensing and leasing of its No. 2 airless electrostatic coating system.

80. (a) Defendant admits that it has never commercialized any apparatus exactly corresponding to any specifically disclosed in the Ransburg Patent No. 2,658,009; otherwise denied.

(b) Defendant has commercialized the process of Patent No. 2,658,009 to the extent that certain of its customers use a secondary electrostatic field to shape the spray; otherwise denied.

Int. 41. (a) When did the defendant first publicly demonstrate its electrostatic airless spray coating process,

(b) where and

(c) to whom was same first demonstrated?

41. (a) July 26, 1951.

(b) 1234 Barth Avenue, Indianapolis, Indiana

(c) Approximately 25 representatives of trade journals. Prior to the date in (a) above, private demonstrations were given to selected individuals on various occasions.

Int. 47. (a) In the light of depositions taken by defendant herein, will the defendant contend that there was

any confidential or secret disclosure of the subject matter of the application from which Starkey Patent 2,685,536 issued to representatives of the Plaintiff prior to the issuance of the Starkey patent and, if so, • • •

47. (a) No.

R. A. 10. That Defendant notified Plaintiff that Plaintiff should not sell its emitter or sprayer shown in Plaintiff's Drawing SK-661 (Exhibit E) for electrostatic coating to any party who was not a licensee of Defendant.

10. Admitted.

R. A. 8. That the airless electrostatic coating system used by Plaintiff, the use of which is alleged to infringe the patent in suit comprises at least these elements: (1) an electrical power pack (2) a liquid emitter or sprayer of the type shown in Plaintiff's drawing SK-661 (Exhibit E) (3) a container for supplying coating liquid to be applied (4) electrical wiring connecting the emitter to the power pack for energizing the emitter and (5) conduit for directing liquid from the container to the emitter.

8. Admitted.

R. A. 9. That the acts of Plaintiff alleged to infringe are (1) the use of the emitter or sprayer shown in Plaintiff's drawing SK-661 (Exhibit E) for airless electrostatic coating in Plaintiff's plant and • • •

9. (1) Admitted.

R. A. 7. That electrical power packs, containers for liquid or paint, electrical wiring, and conduits for conveying liquids are available on the open market.

7. Admitted, except that no electrical power packs then available on the open market were deemed by Defendant's predecessor free from danger when used for electrostatic spray painting.

R. A. 37. Does the defendant admit that it has never commercialized an electrostatic airless spraying apparatus with an applicator or emitter using

(a) spaced needles,

(b) spaced wires or

(c) mechanically spaced droplet holes?

37. Yes.

R. A. 34. Does the defendant admit that as far as its charges of infringement, none of plaintiff's spraying devices charged to be infringements employ any spaced mechanical elements in the tangible form of either needles or points?

34. Yes.

R. A. 30. Does the defendant admit that it has never commercialized by sale or lease any electrostatic sprayer apparatus of the structure shown in any one of the figures of either its earlier process patent 2,685,536 or of its later apparatus patent 2,794,417?

30. Yes.

Int. 93. As to its charge of infringement of its apparatus patent 2,794,417 does defendant

(a) rely upon any structure used by plaintiff not already embraced in the charge of infringement under defendant's method patent No. 2,685,536, and

(b) if the answer is in the affirmative, what is the additional structure which is relied upon by defendant?

93.

(a) No.

(b) No answer required.

R. A. 36. Does the defendant admit that in the case of each of the applicators or emitter heads illustrated in the drawings of both of its two patents in suit, there is provided in every instance mechanical structure either in the form of edges of spaced openings, spaced needle points or spaced strands of wire, for defining spaces through which droplets of liquid material emerge from the head?

36. No, however defendant admits that in every instance mechanical structure is provided for defining spaces through which liquid material emerges.

R. A. 2. That Defendant has never licensed for commercial use any airless electrostatic spray coating system employing non-rotating applicator head identical or substantially identical to the applicator heads shown in the drawings of the Starkey and Ransburg Patent 2,685,536 in suit.

2. Admitted.

R. A. 69. Does the defendant admit that its airless No. 2 electrostatic coating system has been used for spraying liquid materials in which

(a) paint, * * *

(f) alcohol containing coating materials, or

(g) water containing coating materials is included?

69.

(a) Yes.

(f) Yes.

(g) Yes.

Int. 21. (a) What is the lowest voltage the defendant has ever used in conjunction with *airless* electrostatic spraying equipment at which it obtained atomization of the particular liquid being sprayed.

(b) When and

(c) where was such spraying conducted?

21. (a) Defendant has electrostatically atomized conventional liquid coating materials commercially at a voltage as low as approximately 20,000 volts.

(b) December, 1955 and subsequently.

(c) 1234 Barth Avenue, Indianapolis, Indiana and subsequently at other places.

Int. 23. (a) Is it not a fact that the voltage at which atomization occurs in the use of defendant's aforesaid airless electrostatic spraying process depends upon the nature of the liquid being sprayed and

(b) that generally the voltage required increases with the viscosity of the liquid and

(c) what are the upper and lower limits of the voltage at which atomization can occur in the use of said process in the spraying of all different types of liquid handled thereby?

23. (a) Electrostatic atomization of a given liquid occurs over a wide range of voltages, all other conditions being the same. The size of the particles so atomized depends to an extent on the nature of the liquid, under conditions of constant voltage and with all other factors constant.

(b) The degree of atomization usually suffers i.e. the particles become larger, as the viscosity of liquid being electrostatically atomized increases, other factors being maintained constant. However, it does not follow that deterioration of atomization resulting from increases in viscosity can be overcome merely by increasing the voltage applied.

(c) As indicated in the above answer to portion (a) of this interrogatory, electrostatic atomization of a given liquid occurs over a wide range of voltages, the extreme limits of which defendant has not explored.

Int. 133. (a) Has the defendant conducted any experimentation with regard to airless electrostatic coating to determine how large or how low the number of liquid particles should be to effect a satisfactory coating and

(b) if so, when were such tests made,

(c) by whom,

(d) with what liquids and

(e) what if any was the range of size of particles developed by such tests?

(a) No.

(b), (c), (d) and (e) No answer required.

Int. 135. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al patents in suit),

(a) create an electrostatic charge differential between

the particles and the article of a strength to move the particles toward the article sufficiently rapidly to deposit them thereon while still in a liquid state, and

(b) if the answer is in the affirmative, what is that "strength" in units of electrical measurement

(c) if there is an allowable range of "strength", what is it, and

(d) what is considered in units of measurement to be satisfactory for a sufficiently rapid movement of the particles toward the article?

(a) Yes.

(b) That resulting from the maintenance of an average potential gradient on the order of 8,000 volts per inch between the atomizer and the work.

(c) An allowable range of strength is such as results from maintenance of an average potential gradient of from about 5,000 volts to about 10,000 volts per inch between the atomizer and the work.

(d) That resulting from the maintenance of an average potential gradient on the order of 8,000 volts per inch between the atomizer and the work.

Int. 24. (a) Will defendant's aforesaid airless electrostatic spraying process atomize all kinds of known liquid and, if not,

(b) What are the limits of the range of liquids that can be atomized by such spraying process?

24. (a) No.

(b) Defendant does not know the limits of the range of liquids which can be atomized by said spraying process.

Int. 25. (a) Does temperature constitute a factor in the spraying of liquid by defendant's aforesaid process of airless electrostatic spraying and, if so,

(b) To what extent and

(c) if a range of temperatures in involved, what is the range?

25. (a) Temperature of the liquid constitutes a factor in the spraying of the liquid in defendant's process of airless electrostatic spray coating.

(b) To the extent that it influences viscosity.

(c) Defendant has not explored the limits of the range of temperatures involved.

Int. 26. In the use of defendant's aforesaid process of airless electrostatic spraying, when is a liquid particle a discrete particle from the standpoint of the practice of defendant's process?

26. In the use of defendant's process of airless electrostatic spray coating, the liquid particle formed as a result of atomization are discrete particles since they are separate, individually distinct, minute entities.

Int. 29. Can the aforementioned Starkey patented process produce a coating of paint on an object which is held stationary with respect to the atomizing head?

29. Yes.

Int. 134. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al patents in suit)

(a) employ an electrostatic atomizing head from which liquid particles are emitted in an electrostatic field of sufficient strength to charge the particles for deposition on an article, and

(b) if the answer is in the affirmative, what "strength" in terms of units of electrical measurement is considered "sufficient" in such system, and

(c) if there is a range of "strength," what is that range?

(a) Yes, in the sense that the atomizing head supports the liquid from which the particles are atomized.

(b) An average potential gradient on the order of 8,000 volts per inch between the atomizer and the work.

(c) From about 5,000 volts to about 10,000 volts per inch average potential gradient.

Int. 136. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al patents in suit),

(a) use an atomizing applicator head to form liquid into a body having a plurality of closely spaced aligned exposed termini of relatively small area, and

(b) if the answer is in the affirmative, how close in terms of measurement do the termini have to be spaced for satisfactory coating, and

(c) if there is an allowable range of closeness, what is the same, and

(d) what is considered, in such system in terms of units of measurement, to be a "relatively small area"?

(a) Yes.

(b) In most cases, less than one-tenth inch apart.

(c) An allowable range is from one-tenth to one-hundredth of an inch.

(d) The area of a terminus having a diameter of a few thousandths of an inch.

Int. 138. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success to its Starkey et al patents in suit),

(a) provides for the moving of an article past and in spaced relation to a zone of atomization, and

(b) if the answer is in the affirmative, at what rate in terms of units of measurement must the article be moved to effect satisfactory coating, and

(c) what space must there be present between the article being moved and the zone of atomization, and

(d) if there is a range of dimensions as to either of the foregoing (b) and (c) what is that range?

(a) No, but defendant's customers do.

(b) At a rate which will result in the desired coating and which depends on the rate of coating material atomization.

(c) Enough space to prevent sparking between the atomizer and the work at the voltage maintained.

(d) Since the rate of article movement depends upon the rate of coating material atomization and since the latter rate is controlled by the customer, Defendant does not know the extremes of article speed employed by its customers. Defendant knows of one speed as low as about two and one-half feet per minute and another of over 80 feet per minute. So far as Defendant knows, the space maintained by its customers between atomizer and work varies between about five inches and about 24 inches.

Int. 137. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) have means for feeding liquid in a relatively narrow stream to an applicator head and means at the head for spreading the stream to form it into a body of liquid coating material having an extent many times the maximum cross-sectional dimension of the stream, and

(b) if so, in terms of measurement, what does "many times" comprise, and

(c) if there is a range, for said "many times", what is that range?

(a) Yes.

(b) About 25 or more.

(c) From about 25 to 300.

Int. 140. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) distribute dispersed particles of liquid over an area having each of its dimensions many times greater than the minimum cross-sectional dimension of the stream at the points or termini of atomization, and

(b) if the answer is in the affirmative, what is the minimum cross-sectional dimension of the stream, and

(c) how many times greater than said minimum dimension is the area over which it is distributed, and

(a) Yes.

(b) Usually about two to four thousandths of an inch.

(c) Each dimension of the area over which the dispersed particles of liquid are distributed is usually several hundred times the minimum cross-sectional dimension of the stream.

Int. 142. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) have a high enough voltage gradient to establish a corona discharge when liquid is not being fed to the atomizing field, and

(b) when liquid is being fed to the field, does the atomizing of the liquid occur generally in the area where the corona discharge would normally occur, and

(c) is that area generally at or in close proximity to a sharp edge on an applicator head?

(a) Yes.

(b) Yes.

(c) Yes.

Int. 144. In defendant's No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) is there in every instance completely quiescent air between the points or termini of atomization and the article being coated, and

(b) if the answer is in the affirmative, is the air quiescent throughout the entire space separating the atomization point and the article, and

(c) does the centrifugal action of the atomizing head in the No. 2 system cause any turbulence whatsoever of air between the head and the article?

144.

(a) Yes, as "quiescent" is defined in the file wrapper of Patent No. 2,685,536 in suit.

(b) Yes.

(c) The rotation of the atomizing heads in commercial No. 2 systems creates some movement or flow of air in the region between the head and the article; but Defendant does not know whether that flow is turbulent or whether it is smooth.

Int. 145. Does the defendant in its No. 2 airless electrostatic ssytem (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) atomize and disperse particles toward a surface to be coated spaced a substantial distance from the atomizing head, and

(b) if so, what is considered to be a substantial distance in terms of units of distance, and

(c) if there is a range for such distance, what is that range?

145.

(a) Yes.

(b) In systems currently in use, the minimum distance between the atomizing head and the surface to be coated is about five inches, which distance is regarded as substantial.

(c) In systems currently in use, the distance ranges from about five inches to about two feet.

Int. 146. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) employ a plurality of aligned mechanical closely spaced points in an atomizing head for atomizing and dispersing liquid material, and

(b) if so, how close must the points be spaced in terms of units or distance to be sufficiently closely spaced for effecting coating of the articles?

146.

(a) No.

(b) No answer required.

Int. 149. Does the defendant in its No. 2 airless electrostatic system (which it relies upon for commercial success as to its Starkey et al. patents in suit),

(a) provide any separate mechanical means, such as tangible or physical points, for dividing the spray particles into finely divided discrete spray particles, and

(b) if not, is there any physical means in the atomizing head itself to divide or preset the spray particles into finely divided discrete particles, and

(c) if so, how is that done?

140.

(a) No.

(b) No.

(c) No answer required.

R. A. 25. Does the defendant admit that in connection with its earlier application, Serial No. 556,390, from which its process Patent No. 2,685,536 issued, no requirement for division as between process and apparatus claims was ever made by the Patent Office?

25. Yes.

Int. 96. In any of the proceedings involving the earlier application Serial No. 556,390, from which process patent 2,685,536 issued,

(a) did the Patent Office ever make a requirement for division as between process and apparatus claims and

(b) if so, when?

96.

(a) No.

(b) No answer required.

R. A. 26. Does the defendant admit that following the decision of the Patent Office Board of Appeals dated December 18, 1953, in connection with the earlier application Serial No. 556,390 from which process patent No. 2,685,536 issued, it cancelled all of its apparatus claims from said application on January 27, 1954, without the Patent Office having made any requirement for division?

26. Yes.

R. A. 28. Between January 27, 1954 and June 4, 1954 does the defendant admit that it did not have pending in the Patent Office any claims on apparatus for airless electrostatic sprayer apparatus based on the disclosures of either of its process or apparatus patents Nos. 2,685,536 and 2,794,417 in suit?

28. Yes.

Int. 95. Did the defendant in connection with the prosecution of its alleged earlier application Serial No. 556,390, from which its process patent No. 2,685,536 issued, (a) ever file an appeal or a Bill of Complaint to any of the courts based on the Board of Appeal's decision dated December 18, 1953, affirming the Examiner's final rejection of apparatus claims 63, 65, 87 and 95, and

(b) if so, what was the identity and date of such proceedings, and

(c) what disposition was made of same, and

(d) when?

95. (a), (b), (c), and (d). On February 15, 1954, defendant filed in the District Court for the District of Columbia, a complaint in an action entitled "William A. Starkey, Edwin M. Ransburg, and Ransburg Electro-Coating Corp. *vs.* Sinclair Weeks, Secretary of Commerce, and Robert C. Watson, Commissioner of Patents", C. A. No. 625-54, seeking in effect reversal of the decision of the Board of Appeals of December 18, 1953, affirming the final rejection of apparatus claims 63, 65, 87 and 95 and certain method claims in said application Serial No. 556,390. On March 8, 1954, following allowance by the Patent Office on February 18, 1954, of said application as amended, such action was dismissed by stipulation.

R. A. 29. Does the defendant admit that as between January 27, 1954, and June 4, 1954, it did not have pending in the United States Patent Office any apparatus claims on an electrostatic airless sprayer apparatus

(a) of a scope comparable to that of Claim 4 of its apparatus patent 2,794,417 or,

(b) of a scope which it considered applicable to Plaintiff's SK-661 emitter apparatus?

29.

(a) Yes.

(b) No.

Int. 97. Who in the defendant organization made or approved of the decision to cancel all the apparatus claims No. 40, 44, 63, 87, 94 and 95 from the earlier application Serial No. 556,390, from which the process patent 2,685,536 issued?

97. E. M. Ransburg, Vice President.

Int. 127. (a) Did the defendant on or about March, 1954 enter into and file a stipulation of dismissal in Starkey *vs.* Weeks, C. A. 625-54 wherein it was recited: "the Examiner having found allowable the claims now presented in plaintiffs' application here in suit, and notice of Allowance thereof having issued, it is hereby stipulated that the present action be dismissed."

(b) was the application Serial No. 556,390 filed Sept. 29, 1944, from which the Starkey et al process patent No. 2,685,536 was later issued on Aug. 3, 1954, the application that was in suit referred in the stipulation and

(c) at the time of the signing and filing of such stipulation were any of the apparatus claims 63, 65, 87 and 95 of said application Serial No. 556,390 on which a patent was prayed under section 4915 in said suit allowed in such application?

(a) Yes.

(b) Yes.

(c) No.

Int. 128. Is it not a fact that at the time of the filing of the stipulation of dismissal in the month of March, 1954

(a) all of the apparatus claims including claims 40, 55, 63, 65, 87, 94 and 95 had been cancelled by an amendment dated Jan. 27, 1954, to application Serial No. 556,390 and

(b) no application of defendant was then pending in the Patent Office at the time of the dismissal embodying any such apparatus claims?

128.

(a) At the time of filing of said stipulation of dismissal in Mar. 1954, all of the apparatus claims, including claims 40, 55, 63, 65, 87, 94 and 95, of said application Serial No. 556,390 had been cancelled by an amendment dated Jan. 27, 1954, expressly without prejudice to applicant's right to file a divisional or continuation application directed to the apparatus features of their invention.

(b) Yes.

Int. 123. (a) Who in the defendant's company or employ, divulged around July or August, 1956, to its counsel (prosecuting the application from which its patent 2,794,417 issued) the subject of plaintiff's electrostatic sprayer apparatus which had been disclosed in plaintiff's letter of July 5, 1956, to defendant referred to in the complaint herein

(b) on what date,

(c) who was present at the time of disclosure, and

(d) what was the identity of any letters or record made bearing in any way on such disclosure?

123. Defendant received no letter from plaintiff dated July 5, 1956 disclosing the nature of plaintiff's sprayer, but did receive the letter dated July 25, 1956 referred to in the complaint herein, enclosing a drawing of the sprayer designated SK 661, and answers as follows with respect to said letter and sprayer:

(a) Defendant does not know who communicated to its counsel the subject matter of said sprayer.

(b) Shortly after the receipt of said letter, on or about July 26, 1956.

(c) Not now known.

(d) Defendant knows of no letters or records bearing on said disclosure.

Int. 129. Is it not a fact that following the Court's dismissal of Starkey *vs.* Weeks, C. A. 265-54, brought under Section 4915 R. S. for the grant of a patent, the defendant requested on or about Feb. 15, 1954 the impounding of the records of such suit?

129. Yes.

PLAINTIFF'S EXHIBIT IIIII.

Judgment in 92 F. Supp. 947 case.

IN THE UNITED STATES DISTRICT COURT
For the District of Massachusetts.

United States of America, *Plaintiff,* *vs.* Minnesota Mining and Manufacturing Company, Behr-Manning Corporation, The Carborundum Company, Armour and Company, Durex Abrasives Corporation and The Durex Corporation, *Defendants.*	Civil Action No. 8119.

FINAL JUDGMENT AS TO COUNT ONE.

The plaintiff, United States of America, having filed its amended complaint herein on July 5, 1949; the defendants having appeared and filed their separate answers to Count One of the amended complaint denying any violation of law; Count Two of the amended complaint having been tried and final judgment having been entered thereon on September 13, 1950; and the plaintiff and said defendants, by their respective attorneys herein, having severally consented to the entry of this Final Judgment as to Count One without trial or adjudication of any issue of fact or law herein, and without admission by any party in respect of any such issue,

Now, Therefore, before any testimony or evidence has been taken herein, and without trial or adjudication of any issue of fact or law herein, and upon consent as aforesaid of all of the parties hereto,

It Is Hereby Ordered, Adjudged and Decreed, as to Count One of the amended complaint as follows:

I.

This Court has jurisdiction of the subject matter hereof and of all parties hereto. Count One of the amended complaint states a cause of action against the defendants under Sections 1 and 2 of the Act of Congress of July 2, 1890, entitled "An Act to Protect Trade and Commerce against Unlawful Restraints and Monopolies," as amended.

II.

For purposes of this judgment,

A. "Minnesota" means the defendant Minnesota Mining and Manufacturing Company, a corporation organized and existing under the laws of the State of Delaware;

B. "Behr-Manning" means the defendant Behr-Manning Corporation, a corporation organized and existing under the laws of the State of Massachusetts;

C. "Carborundum" means the defendant The Carborundum Company, a corporation organized and existing under the laws of the State of Delaware;

D. "Armour" means the defendant Armour and Company, a corporation organized and existing under the laws of the State of Illinois;

E. "Defendants" means Minnesota, Behr-Manning, Carborundum and Armour;

F. "Coated Abrasive Products" means any non-rigid abrasive or polishing article which comprises a flexible sheet or sheetlike backing to one or both

surfaces of which there is attached by an adhesive a coating of one or more layers of abrasive or polishing grain, including rigid or non-rigid abrading or polishing articles made therefrom to be used for abrading or polishing purposes;

G. "Defined Patents" means United States letters patent, patent applications and rights under letters patent, as follows:

(1) all letters patent, rights under letters patent, and applications for letters patent, now owned or controlled by any of the defendants, and all letters patent which may issue on or result from said applications,

(2) all letters patent, rights under letters patent, and applications for letters patent, issued to, acquired, or filed by, any of the defendants during the five years following the date of the entry of this judgment, and all letters patent which may issue on or result from said applications,

(3) all divisions, continuances, reissues, or extensions of the patents and applications described above in clauses (1) and (2),

relating to Coated Abrasive Products and any method, material, equipment or process involved in the production or manufacture of Coated Abrasive Products.

III.

The provisions of this judgment applicable to any defendant shall apply to such defendant, its successors, subsidiaries, assigns, officers, directors, agents, employees and all other persons acting or claiming to act under, through or for such defendant.

IV.

Each of the patent license and cross license agreements relating in whole or in part to Coated Abrasive Products or any method, material, equipment or process involved in the production or manufacture of Coated Abrasive Products, to which any of the defendants is presently a party as licensor, including, but without limitation, the following agreements, is hereby terminated and canceled in its entirety; and each of the defendants is hereby enjoined and restrained from the further performance or enforcement of any of said agreements, or from entering into, adopting, adhering to, or furthering any agreement, arrangement, or course of conduct for the purpose or with the effect of maintaining, reviving or reinstating any of said agreements:

A. the Patent License Agreements Relating to Waterproof Sandpaper, dated as of June 1, 1949, between Minnesota, as licensor, and Armour, Behr-Manning, and Carborundum, as licensees, respectively;

B. The Patent License Agreements relating to Electrocoated Sandpaper between Behr-Manning, as licensor, and

(1) Minnesota, as licensee, dated September 19, 1932,

(2) Armour, as licensee, dated October 13, 1932, and

(3) Carborundum, as licensee, dated January 11, 1933,

each as amended by letter dated May 19, 1948;

C. the licenses granted by the Spraying Agreement dated December 6, 1935 between Armour, Behr-Manning, Carborundum and Minnesota;

D. The licenses granted by the Mechanical Orienting Agreement dated March 6, 1936 between Armour, Behr-Manning, Carborundum and Minnesota;

E. the Cross License Agreements dated as of March 17, 1943, as modified as of October 1, 1945, by and between Minnesota and Armour, Minnesota and Behr-Manning and Minnesota and Carborundum, Armour and Behr-Manning, Armour and Carborundum, and Behr-Manning and Carborundum, respectively;

F. the license agreements entered into by the defendants pursuant to said Cross License Agreements, as follows:

(1) the Adhesive Treatment License Agreements between Behr-Manning, as licensor, and

(a) Armour and Minnesota, as licensees, respectively, dated January 1, 1944,

(b) Carborundum, as licensee, dated May 1, 1945,

(c) Midwest Abrasive Company, as licensee, dated September 12, 1946;

(2) the license agreements under United States Letters Patent No. 2,358,724, dated as of January 1, 1945, between Behr-Manning, as licensor, and Armour, Carborundum and Minnesota, as licensees, respectively;

(3) the license agreements under United States Letters Patent No. 2,286,208, between Carborundum, as licensor, and

(a) Minnesota, as licensee, dated August 1, 1949,

(b) Armour, as licensee, dated February 1, 1950, and

(c) Behr-Manning, as licensee, dated August 1, 1949,

(4) the license agreements under United States Letters Patent No. 2,430,099 between Carborundum, as licensor, and

(a) Minnesota, as licensee, dated November 1, 1948,

(b) Armour, as licensee, dated March 23, 1950,

(c) Behr-Manning, as licensee, dated November 1, 1948; and

(d) Mid-West Abrasive Company, as licensee, dated March 24, 1950;

(5) the license agreements under United States Letters Patent No. 2,391,731 between Minnesota, as licensor, and

(a) Carborundum, as licensee, dated August 1, 1946, and

(b) Behr-Manning, as licensee, dated September 1, 1948, and

(6) the license agreements under United States Letters Patent Nos. 2,184,896, 2,302,711 and 2,333,035, dated as of October 1, 1945, between Behr-Manning, as licensor, and Armour and Carborundum, as licensees, respectively.

V.

Each defendant is hereby ordered and directed:

A. In so far as it now has or may acquire the power or authority to do so, to issue to any applicant (including any other defendant) making written request therefor a non-exclusive and unrestricted license or sublicense to make, use and vend Coated Abrasive Products under any, some or all of the Defined Patents, including those presently owned or controlled by defendants as listed in Schedule "A" attached hereto, without any condition or restriction whatsoever, except that:

(1) a reasonable and non-discriminatory royalty may be charged and collected;

(2) reasonable provision may be made for periodic inspection of the books and records of the licensee by an independent auditor who may report to the defendant licensor only the amount of the royalty due and payable and no other information;

(3) the license may be non-transferable;

(4) reasonable provision may be made for cancellation of the license upon failure of the licensee to pay the royalties or to permit the inspection of its books and records as provided in Paragraph A of this Section V;

(5) the license must provide that the licensee may cancel the license at any time by giving thirty (30) days' notice in writing to the licensor.

B. Within thirty (30) days after the date of application, issuance or acquisition of any of the Defined Patents, to advise this Court and the At-

torney General, in writing, of the number and date of such application, issuance or acquisition.

C. Upon any application for a license in accordance with the provisions of Paragraph A of this Section V, the defendant to whom such application is made shall advise the applicant of the royalty it deems reasonable for the Defined Patent or Patents to which the application pertains. If the defendant and the applicant are unable to agree upon what constitutes a reasonable royalty, the defendant may apply to this Court for a determination of a reasonable royalty, giving notice thereof to the applicant and the Attorney General, and shall make such application forthwith upon request of the applicant. In any such proceeding the burden of proof shall be upon the defendant to whom application is made to establish, by a fair preponderance of evidence, a reasonable royalty, and the Attorney General shall have the right to be heard thereon. Pending the completion of any such court proceeding, the applicant shall have the right to make, use and vend under the Defined Patent or Patents to which its application pertains, without the payment of royalty or other compensation, but subject to the following provisions: Such defendant may, with notice to the Attorney General, apply to the Court to fix an interim royalty rate pending final determination of what constitutes a reasonable royalty. If the Court fixes such interim royalty rate, a license shall then issue providing for the periodic payment of royalties at such interim rate from the date of the making of such application by the applicant; and whether or not such interim rate is fixed, any

final order may provide for such readjustments including retroactive or diminished royalties as the Court may order after final determination of a reasonable and non-discriminatory royalty.

D. Each license granted pursuant to this Section V shall provide that the licensee may at any time, without revoking or surrendering its license, dispute the validity, scope or enforceability of any of the patents under which the license is granted, and this judgment shall not be construed as importing any validity or value to any of such patents.

VI.

Each defendant is hereby enjoined and restrained from:

A. Making any disposition of any of the Defined Patents which deprives it of the power or authority to issue licenses or sublicenses required by Paragraph A of Section V unless it sells, transfers or assigns such Defined Patents and requires, as a condition of such sale, transfer or assignment that the purchaser, transferee, or assignee thereof shall observe the provisions of Section V of this judgment with respect to the Defined Patents so acquired and the purchaser, transferee or assignee shall file with this Court, prior to the consummation of said transaction, an undertaking to be bound by the provisions of Section V of this judgment with respect to the Defined Patents so acquired.

B. Acquiring any license, sublicense, grant of immunity or similar right under any Defined Patent to make, use and vend Coated Abrasive Products, unless such license, sublicense, grant of immunity

or similar right is non-exclusive and contains a provision that throughout its life the licensor will make available an equivalent license, sublicense, grant of immunity or similar right to any third person requesting the same, on terms and conditions at least as favorable as those accorded to said defendant.

VII.

Each defendant is hereby ordered and directed, on written request, to furnish to any licensee at the time of granting a license under Paragraph A of Section V of this judgment, upon payment of a purely nominal charge therefor, a written manual or manuals describing all the methods, processes, materials and equipment then currently used by it in commercial production or manufacture under the Defined Patents under which such applicant is licensed. Any such manual or manuals so furnished to a licensee shall be made available to all prior licensees under the same Defined Patents, excepting the other defendants herein. In the event any such licensee shall find the information set forth in any such manual inadequate to enable successful utilization by that licensee of any of the methods, processes, materials or equipment described therein, and such licensee shall so inform in writing the defendant concerned, then such defendant is ordered and directed to furnish promptly, at the actual cost thereof to the defendant, such additional written information or technical assistance as shall be reasonably necessary to the successful utilization thereof. Any such additional written information shall be made available to all other licensees under the same Defined Patents, excepting the other defendants herein.

VIII.

Subject to the provisions of Section VII of this judgment, each defendant is hereby enjoined and restrained from furnishing to any other defendant technical information relating to the production or manufacture of Coated Abrasive Products or methods, equipment, materials and processes to be used in the manufacture thereof, unless it furnishes such technical information to any other manufacturer of Coated Abrasive Products upon reasonable and non-discriminatory terms and conditions.

IX.

Each defendant is hereby enjoined and restrained from entering into, adhering to, maintaining or furthering any combination, conspiracy, contract, agreement, understanding, plan or program, directly or indirectly, with any other manufacturer of Coated Abrasive Products:

A. To fix, maintain, stabilize, determine or adhere to prices, discounts, customer classifications or other terms or conditions for the sale of Coated Abrasive Products;

B. To limit, restrict, prevent or restrain any manufacturer of Coated Abrasive Products from making or selling any kinds, types, sizes, styles, or grades of Coated Abrasive Products, or from manufacturing or producing any Coated Abrasive Products according to any standards or specifications.

X.

Nothing contained herein shall be deemed to adjudicate, determine, or affect the legality or illegality of any agreement involving relationships solely between:

A. A defendant and its subsidiaries;

B. A defendant or its subsidiaries and its parent;

C. Subsidiaries of any defendant and their subsidiaries.

XI.

For the purpose of securing compliance with this judgment and for no other purpose, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General, or an Assistant Attorney General, and on reasonable notice to any defendant, made to its principal office, be permitted subject to any legally recognized privilege, (1) access during the office hours of said defendant to all books, ledgers, accounts, correspondence, memoranda, and other records and ducuments in the possession or under the control of said defendant relating to any matters contained in this judgment, and (2) subject to the reasonable convenience of said defendant and without restraint or interference from it to interview officers or employees of said defendant, who may have counsel present, regarding any such matters, and (3) upon request the defendant shall submit such reports in writing to the Department of Justice with respect to matters contained in this judgment as may from time to time be necessary to the enforcement of this judgment. No information obtained by the means provided in this Section XI shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of such Department, except in the

course of legal proceedings to which the United States is a party for the purpose of securing compliance with this judgment or as otherwise required by law.

XII.

Jurisdiction is retained for the purpose of enabling any of the parties to this judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this judgment or for the modification or termination of any of the provisions thereof, and for the purpose of the enforcement of compliance therewith and the punishment of violations thereof.

Dated: Boston, Mass.
November 6, 1950.

Myzanski,
United States District Judge.

Schedule "A".

Defined Patents Owned or Controlled by the Defendants.

Patent No.	Dated	Inventor/s
Armour and Company Patents:		
1,991,645	Feb. 19, 1935	Woodward
1,994,263	Mar. 12, 1935	Woodward
2,050,212	Aug. 4, 1936	Rizor
2,347,244	Apr. 25, 1944	Colt
Behr-Manning Corporation Patents:		
1,987,467	Jan. 8, 1935	Crupi
2,027,087	Jan. 7, 1936	Buckner
Reissue 20,660) Original 2,027,307)	Jan. 7, 1936	Schacht
2,027,308	Jan. 7, 1936	Schacht
2,027,309	Jan. 7, 1936	Schacht
2,082,182	June 1, 1937	Schacht
Reissue 21,852) Original 2,123,581)	July 12, 1938	Anderson
2,124,055	July 19, 1938	Courtney
2,130,753	Sept. 20, 1938	Baker
2,136,150	Nov. 8, 1938	Oglesby
2,173,129	Sept. 19, 1939	Oglesby
2,173,130	Sept. 19, 1939	Oglesby
2,173,796	Sept. 19, 1939	Oglesby
2,175,073	Oct. 3, 1939	Amstuz
2,184,896	Dec. 26, 1939	Oglesby
2,197,741	Apr. 16, 1940	Boucher
2,198,766	Apr. 30, 1940	Gallagher
2,199,752	May 7, 1940	Oglesby
2,209,715	July 30, 1940	Crupi
2,209,716	July 30, 1940	Crupi
2,217,247	Oct. 8, 1940	(Walker (Burns
2,217,525	Oct. 8, 1940	Oglesby
2,239,828	Apr. 29, 1941	Oglesby
2,245,301	June 10, 1941	Schacht
2,279,361	Apr. 14, 1942	Amstuz

Patent No.	Dated	Inventor/s
2,287,837	June 30, 1942	Smyser
2,288,624	July 7, 1942	Holmsten
2,288,625	July 7, 1942	Holmsten
2,292,991	Aug. 11, 1942	Crompton
2,294,064	Aug. 25, 1942	Amstuz
2,302,711	July 24, 1942	(Oglesby (Strain
2,305,157	Dec. 15, 1942	Ham
2,307,232	Jan. 5, 1943	Oglesby
2,318,570	May 4, 1943	Carlton
2,318,571	May 4, 1943	Carlton
2,322,156	June 15, 1943	Oglesby
2,328,577	Sept. 7, 1943	Oglesby
2,333,034	Oct. 26, 1943	(Oglesby (Reilly (Gilbert
2,333,035	Oct. 26, 1943	Oglesby
2,339,208	Jan. 11, 1944	Van der Pyl
2,358,724	Sept. 19, 1944	Manchester
2,370,636	Mar. 6, 1945	Carlton
2,375,813	May 16, 1945	Oglesby
2,375,814	May 15, 1945	Oglesby
2,376,342	May 22, 1945	Carlton
2,376,343	May 22, 1945	Carlton
2,403,018	July 2, 1946	Oglesby
2,456,985	Dec. 21, 1948	Oglesby
2,463,241	Mar. 1, 1949	Carlton
2,463,242	Mar. 1, 1949	Carlton
2,485,765	Oct. 25, 1949	Oglesby

Behr-Manning Corporation Patent Applications:

733,614	Mar. 10, 1947	Waterfield
761,750	July 18, 1947	(Webber (Timmer

The Carborundum Company Patents:

1,941,962	Jan. 2, 1934	Tone
1,944,898	Jan. 30, 1934	McKee
1,988,065	Jan. 15, 1935	Wooddell

Patent No.	Dated	Inventor/s
1,989,742	Feb. 5, 1935	Davis
1,994,283	Mar. 12, 1935	Martin
2,015,658	Oct. 1, 1935	Bezzenberger
2,033,991	Mar. 17, 1936	(Melton (Benner
2,035,521	Mar. 31, 1936	(Benner (Melton (Kirchner
2,049,535	Aug. 4, 1936	(Benner (Kirchner (Melton
2,050,992	Aug. 11, 1936	Aust
2,053,360	Sept. 8, 1936	(Benner (Melton
2,053,361	Sept. 8, 1936	(Benner (Melton
2,059,583	Nov. 3, 1936	(Jackson (Kirchner
2,071,549	Feb. 23, 1937	Mahlman
Reissue 21,552) Original 2,078,831)	Apr. 27, 1937	(Benner (Melton
2,082,916	June 8, 1937	Stratford
2,097,806	Nov. 2, 1937	Weidrich
2,108,645	Feb. 15, 1938	Bryant
2,111,006	Mar. 15, 1938	Robie
2,111,272	Mar. 15, 1938	Paulson
2,115,904	May 3, 1938	Bryant
2,124,666	July 26, 1938	(Benner (Melton
2,128,905	Sept. 6, 1938	(Benner (Melton
2,128,906	Sept. 6, 1938	(Benner (Melton
2,128,907	Sept. 6, 1938	(Benner (Melton
2,128,966	Sept. 6, 1938	Robie
2,129,661	Sept. 13, 1938	Ball
2,129,954	Sept. 13, 1938	(Martin (Upper (Aust

Patent No.	Dated	Inventor/s
2,130,194	Sept. 13, 1938	Robie
2,138,882	Dec. 6, 1938	Robie
2,141,658	Dec. 27, 1938	(Melton (Benner (Kirchner
2,152,392	Mar. 28, 1939	Tone
2,179,487	Nov. 14, 1939	(Benner (Robie
2,184,348	Dec. 26, 1939	(Kirchner (Melton (Benner
2,187,624	Jan. 16, 1940	(Melton (Benner (Kirchner
2,187,743	Jan. 23, 1940	(Kirchner (Wooddell
2,191,827	Feb. 27, 1940	(Benner (Melton
2,194,253	Mar. 19, 1940	(Benner (Melton (Kirchner
2,194,472	Mar. 26, 1940	Jackson
2,201,194	May 21, 1940	(Melton (Benner (Kirchner
2,201,195	May 21, 1940	(Melton (Benner (Kirchner
2,201,196	May 21, 1940	Williamson
2,205,276	June 18, 1940	Robie
2,209,059	July 23, 1940	Kirchner
2,209,074	July 23, 1940	Dahlstrom
2,215,210	Sept. 17, 1940	Dahlstrom
2,219,853	Oct. 29, 1940	Tone
2,223,392	Dec. 3, 1940	Smith
2,224,009	Dec. 3, 1940	Aust
2,225,877	Dec. 24, 1940	(Melton (Kirchner
2,225,937	Dec. 24, 1940	Williamson

Patent No.	Dated	Inventor/s
2,227,200	Dec. 31, 1940	Robie
2,229,490	Jan. 21, 1941	(Benner (Melton (Kirchner
2,233,175	Feb. 25, 1941	(Melton (Benner
2,250,119	July 22, 1941	Williamson
2,252,587	Aug. 12, 1941	(Tone (Martin
2,254,016	Aug. 26, 1941	(Melton (Benner (Kirchner
2,254,531	Sept. 2, 1941	(Kirchner (Melton (Benner
2,255,294	Sept. 9. 1941	(Melton (Benner (Kirchner
2,274,726	Mar. 3, 1942	Melton
2,276,328	Mar 17, 1942	(Melton (Benner (Kirchner
2,277,520	Mar. 24, 1942	(Martin (Foss
2,280,852	Apr. 28, 1942	Robie
2,286,208	June 16, 1942	Kirchner
2,288,649	July 7, 1942	Robie
2,298,318	Oct. 13, 1942	Stratford
2,309,305	Jan. 26, 1943	(Dahlstrom (Horne
2,317,650	Apr. 27, 1943	Stratford
2,320,139	May 25, 1943	Kirchner
2,321,422	June 8, 1943	Robie
2,324,426	July 13, 1943	Robie
2,324,427	July 13, 1943	Robie
2,327,218	Aug. 17, 1943	Robie
2,337,445	Dec. 21, 1943	Buell
2,339,500	Jan. 18, 1944	Martin

Patent No.	Dated	Inventor/s
2,349,365	May 23, 1944	(Martin (Aust
2,350,861	June 6, 1944	(Argy (Foss
2,351,716	June 20, 1944	Smith
2,366,926	Jan. 9, 1945	Melton
2,378,025	June 12, 1945	(Melton (Thompson
2,402,183	June 18, 1946	(Rowe (Goepfert
2,410,506	Nov. 5, 1946	(Kirchner (Ball
2,412,599	Dec. 17, 1946	Buell
2,430,099	Nov. 4, 1947	Bradley
2,431,035	Nov. 18, 1947	(Goepfert (Buell
2,431,258	Nov. 18, 1947	Kirchner
2,445,807	July 27, 1948	(Summers (Corse
2,452,793	Nov. 2, 1948	Robie
2,457,256	Dec. 28, 1948	(Melton (Benner (Kirchner
2,468,056	Apr. 26, 1949	(Goepfert (Robie
2,490,231	Dec. 6, 1949	(Robie (Ball
2,497,469	Feb. 14, 1950	Robie

The Carborundum Company Patent Applications:

142,524	Feb. 4, 1950	(Foss (Buell
186,052	Sept. 21, 1950	(Goepfert (Canfield
345,596	July 15, 1940	(Tone (Martin
469,232	Dec. 16, 1942	Robie
559,429	Oct. 19, 1944	Robie

Patent No.	Dated	Inventor/s
610,479½	Aug. 13, 1945	(Melton (Benner (Kirchner
758,282	July 1, 1947	(Robie (Mahlman

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2,013,925	Sept. 10, 1935	Okie
2,025,249	Dec. 24, 1935	Shuey
2,030,743	Feb. 11, 1936	Carlton
2,169,277	Aug. 15, 1939	Okie
2,176,942	Oct. 24, 1939	Redman
2,186,001	Jan. 9, 1940	Bartling
2,188,341	Jan. 30, 1940	(Elbel (Seebach
2,197,629	Apr. 16, 1940	Bartling
2,202,765	May 28, 1940	Guth
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2,226,553	Dec. 31, 1940	Cross
2,230,934	Feb. 4, 1941	(Carlton (Oakes
2,236,597	Apr. 1, 1941	Hatch
2,248,064	July 8, 1941	(Carlton (Miller
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2,269,415	Jan. 6, 1942	(Netherly (Anderson (Cross
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2,281,558	May 5, 1942	Cross
2,287,060	June 23, 1942	Oakes
2,307,461	Jan. 5, 1943	Guth
2,310,935	Feb. 16, 1943	(Carlton (Oakes

Patent No.	Dated	Inventors
2,314,340	Mar. 23, 1943	(Brown (Clarke
2,314,349	Mar. 23, 1943	Guth
2,347,662	May 2, 1944	(Carlton (Oakes
2,357,335	Sept. 5, 1944	(Kugler (Oakes
2,357,348	Sept. 5, 1944	(Netherly (Cross
2,357,350	Sept. 5, 1944	(Anderson Oakes
2,357,823	Sept. 12, 1944	(Hatch (Clarke
2,358,313	Sept. 19, 1944	Brown
2,371,605	Mar. 20, 1945	(Carlton (Miller
2,386,780	Oct. 16, 1945	Cross
2,391,731	Dec. 25, 1945	(Miller (Reidesel
2,405,191	Aug. 6, 1946	Davis
2,414,474	Jan. 21, 1947	March
2,492,143	Dec. 27, 1949	(Gipple (Sindt

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514,982	Dec. 20, 1943	Nestor
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757,929	June 28, 1947	Nestor
34,804	June 23, 1948	(Cross (Netherly
39,587	July 19, 1948	(McNamara (Kugler
40,424	July 23, 1948	(Frigstad (Dahl
43,528	Aug. 10, 1948	(Cross (Netherly

Patent No.	Dated	Inventor/s
44,233	Aug. 13, 1948	Frigstad
60,772	Nov. 18, 1948	Liedl et al.
85,322	Apr. 4, 1949	Heasley
89,155	Apr. 22, 1949	Nestor
128,298	Nov. 19, 1949	(Alstad (Frigstad
128,299	Nov. 19, 1949	(Reidesel (Frigstad
131,072	Dec. 5, 1949	Reidesel
160,752	May 8, 1950	Kuzma et al.
169,756	June 22, 1950	(Cross (Netherly
172,102	July 5, 1950	Kuzma et al.

PERTINENT PORTIONS OF FILE HISTORY (DX. 5A AND 5B) OF STARKEY METHOD PATENT NO. 2,685,536.

Exhibit 5A.

Page 10 of Applicant's Amendment Filed June 28, 1945.

It is submitted that the Darrah and Pugh patents cannot be properly aggregated to build up a hypothetical anticipation of claims 7, 8, 9, 31, and 32. The spray of Darrah is discharged from the nozzle 4 through the opening in an *oppositely* charged element 8. In Pugh, the spray from gun 45 passes through an opening in a *similarly* charged element 10. Obviously, the spray-surrounding element cannot be charged both oppositely to the spray, as in Darrah, and similarly to the spray, as in Pugh. If the hypothetical aggregation is to include both Darrah's electrode 8 and Pugh's booth-wall 10, will the booth-wall be at the same potential as the electrode, will it be at the same potential as the nozzle, or will its potential differ from both? And what of the articles to be coated—will their potential be that of the annular electrode, that of the nozzle, or different from both? The answers to such questions are not found in the references, and it is therefore not apparent how the aggregation is to be effected. In such circumstances, it is submitted that the rejection on Pugh and Darrah is not well founded and that claims 7, 8, 9, 31, and 32 are allowable.

In connection with the rejection of claims on Pugh and Darrah, it is to be noted that applicants' apparatus employs a single electrostatic field to perform two functions —the production of atomization and the propulsion of the atomized particles to the article being coated. **Applicants are not claiming broadly any and all devices in which liquid is electrostatically atomized and then electrostatically propelled to and deposited upon an article to be coated.**

Pages 14 and 29 of Applicant's Board of Appeals Brief Filed January 5, 1951.

(a) increased from 80 or 100 to 200 the number of panels coated per gallon of paint used;

(b) resulted in a coating "noticeably better than that obtained" with air-atomized, electrostatically deposited paint; and

(c) could be performed "in the open factory building and without the necessity for an enclosing booth or any exhaust system" such as was necessary in the other process "to carry away the overspray."

Helmuth, Juvinall, and Simmons are, as shown by their respective affidavits, well qualified to determine and compare the efficiencies of various painting methods. Their affidavits testify that procedures employing the apparatus and method of this application are markedly more efficient than prior spray-painting procedures. The affidavits also establish that the high paint-utilization efficiencies attainable with applicants' method and apparatus permit the elimination of paint spary booths and air-exhaust systems.

The Essential Novelty of the Invention.

The heart of applicants' invention lies in the concept of employing a single electrostatic field which acts as the sole agent to atomize paint, disperse the particles formed by atomization, and deposit those particles on the work. ***That concept is unquestionably novel.*** We have here no mere substitution of one old element or step for another, no mere considerable distance in unvarying relationship, whereas in Huebner the paper support 16 or 116 never moves with the paper.

Claims 61, 65, 67, and 78 describe a construction in which the lines of force of the field sweep the surface of the article being coated, a requirement whose significance is brought out above in connection with method claim 76.

Patentability.

There can be no argument as to the novelty of the appealed claims. Their patentability, as the wording of the rejection indicates, hinges upon whether their subject matter involves invention.

The heart of applicants' invention lies in the spray-painting of articles of manufacture by the use of a single electrostatic field which will both atomize a liquid coating material, disperse the atomized particles, and then deposit those particles on the surface which is to be coated. *The references of record can be searched in vain for any disclosure or suggestion of such a coating process.* The Examiner points out how prior-art structures might be modified to render them anticipatory; but in so doing the Examiner is clearly exercising *ex post facto* wisdom. No suggestion of the proposed changes can be found within the four corners of any reference, where it must be found to negative patentability.

"Obviously," the Examiner states, "liquid coating material could be supplied through the tube 32 in Meston's Fig. 5 and through the pipes 71 in Figs. 18 and 19." But, bearing in mind that Meston was concerned entirely with the deposit of

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Exhibit 5B.

Affidavit of Gilbert Isgrigg filed March 20, 1953.

STATE OF INDIANA,
COUNTY OF BARTHOLOMEW. } ss:

Affidavit.

Gilbert Isgrigg, of Columbus, Indiana, being first duly sworn, deposes and says as follows:

I am an engineer in the employ of Hamilton Manufacturing Corporation, of Columbus, Indiana, manufacturer of the "Cosco" line of metal chairs, stools, step stools, and utility tables.

The utility tables manufactured by my employer have sheet-metal tops measuring either 16 x 22 inches or 17 x 24 inches, and each table is provided beneath the top with one or two shelves of corresponding size.

The tops and shelves of the tables mentioned are finished by painting them; and my duties for my employer include the selection and supervision of the equipment and methods used in painting the tops and shelves of utility tables.

For a period beginning in March, 1948, and continuing through the present, the tops and shelves of Cosco utility tables were painted with the use of electrostatic painting equipment under license from Ransburg Electro-Coating Corp. of Indianapolis, Indiana. Such equipment embodied a conveyor for conveying the tops and shelves through a coating zone between two fine-wire electrodes while spray guns of conventional type employing compressed air for paint atomization directed sprays of paint into the space between each electrode and the articles moving past it.

High voltage equipment supplied by said Ransburg Electro-Coating Corp. maintained an electrostatic field between the electrodes and the work, and the paint sprays entered such field at an acute angle to the path followed by the articles.

On or about November, 1952, the aforesaid painting equipment was replaced by new equipment in which the work is conveyed past and in spaced relation to a number of atomizers maintained at an electrical potential of about 70,000 volts with respect to the work. Paint supplied at a controlled rate to such atomizers is electrostatically atomized therefrom in the form of a spray and electrostatically deposited on the work. No compressed air is used to atomize the paint or to carry it to the work. The atomizers are mounted in fixed position with respect to the path followed by the table tops and shelves, and the operation is substantially fully automatic. The atomizing devices and related equipment including the paint-supply means and the source of high voltage were supplied by said Ransburg Electro-Coating Corp.

The new equipment has resulted in a substantial saving of paint, the extent of the paint-saving depending to a degree on the color of the paint. The most commonly used paint is red in color, and with that paint the number of tops and shelves covered per gallon of paint used is, with the new equipment, more than twice what it was with the electrostatic coating equipment previously used.

In addition to the paint saving represented by the increase in the number of tops and shelves coated per gallon of paint used, the following differences exist between painting as performed with the old electrostatic coating equipment and painting as performed with the electrostatic atomizing equipment presently in use:

a. The new process results in a substantially improved distribution of paint, the distribution of paint obtained with the present equipment being substantially uniform.

b. The present equipment is able to deposit approximately twenty-five per cent more paint in a single pass of the articles through the coating zone, the conveyor speed being the same in both instances.

c. The former electrostatic process required two touch-up men operating manually directed spray guns to apply paint to areas insufficiently coated by the electrostatic coating equipment previously in use. With the present equipment, no touch-up men are needed.

d. The former electrostatic method required a water-washed spray booth and a relatively large-capacity air moving apparatus for entrapping oversprayed paint and ventilating the spray booth, whereas the present equipment requires only a low-capacity ventilating system for removing solvent-vapor and there is substantially no oversprayed paint to entrap.

e. With the former electrostatic coating equipment, an average of about eighteen man-hours were devoted nightly to the job of cleaning electrodes, the floor and walls of the booth, and the spray equipment and to removal of over-spray sediment in the water-wash tanks. With the present equipment, nightly clean-up work has been reduced sixty-five to eighty per cent.

f. The present equipment, being dependent upon electric power alone, is less subject to interruption in operation than was the prior equipment, which was dependent upon electric power, compressed air, and water supply.

g. The old electrostatic coating equipment required more frequent adjustment than does the present equipment to maintain adequate coverage and quality of finish.

GILBERT ISGRIGG.

Subscribed and sworn to before me this 10th day of March, 1953.

WALTER MILLER,
(SEAL) *Notary Public.*

My commission expires May 25, 1954.

Affidavit of Donald C. Howarth filed Mar. 20, 1953.

State of Indiana }
County of Marion } ss:

Affidavit.

Donald C. Howarth, of Indianapolis, Indiana, being first duly sworn, deposes and says as follows:

I am, and for several years have been, employed by Ransburg Electro-Coating Corp. of Indianapolis, Indiana.

My employer owns patents and patent applications relating to methods and apparatus for electrostatic spray painting, licenses manufacturers to use such methods and apparatus, and provides many of its licensees with certain portions of the equipment employed in practicing the licensed methods.

For the last several years, my duties for my employer have involved supervision of the installation of licensed methods and apparatus and supervision of all billing to licensees.

Electrostatic spray painting methods licensed by my employer have been of two general types. In one type,

hereinafter referred to as the No. 1 method, articles to be painted are moved on a conveyor past a charged electrode, or between two spaced charged electrodes, while paint sprays formed by conventional spray guns employing compressed air have been discharged into the electrostatic field between the electrode or electrodes and the articles, such sprays being directed at an acute angle to the direction of article movement. In the other process, hereinafter referred to as the No. 2 process, articles to be coated are conveyed past and in spaced relation to one or more atomizers normally maintained at an electrical potential of about 70,000 volts with respect to the work, while paint supplied at a controlled rate to such atomizers is atomized and electrostatically deposited on the work without employment of any compressed air.

The aforesaid No. 1 method was in use, and was the subject of hundreds of licenses to manufacturers, for several years prior to the introduction of the No. 2 method. Although a few licenses to practice the No. 2 method had been granted prior to the third quarter of 1951, it was not until that time that Ransburg Electro-Coating Corp. published information as to that method or embarked on any intensive effort to exploit it commercially. **Up to the present time, there are seventy-eight (78) manufacturers licensed to employ one hundred one (101) No. 2 units, and additional licenses to employ that method are being granted as rapidly as the Ransburg organization can handle engineering and supervision necessary to new installations.**

Some of the companies which now employ the No. 2 process under license from my employer are:

Aluminum Goods Manufacturing Company
Arvin Industries, Inc.
E. I. DuPont de Nemours & Company
General Electric Company
Houdaille-Hershey Corporation

Johns-Manville Corporation
Landers, Frary & Clark
Monroe Auto Equipment Company
Proctor Electric Company
Reo Motors, Inc.
Reynolds Metals Company
Speed Queen Corporation
The Studebaker Corporation
Taylor Wharton Iron & Steel Company
Thor Corporation
Whirlpool Corporation

Of the seventy-eight (78) companies licensed by my employer to use the No. 2 process, a substantial portion of them are employing it to replace the No. 1 process which my employer had previously licensed them to use.

Licenses to use the No. 2 process granted by my employer require the payment of an initial fee, varying from $5,000 to $40,000, depending upon the size and nature of the installation and the amount of equipment they ask my employer to supply, and also require the payment of subsequent monthly fees depending in amount upon the quantity of paint used.

As a result of my work, I believe I am familiar with all types of spray coating processes generally used in American industry. The aforesaid No. 2 process is the only spray coating process known to me which, in an industrial spray painting operation, can use substantially all the coating material sprayed.

DONALD C. HOWARTH.

Subscribed and sworn to before me this 12th day of March, 1953.

IRIS M. MCKENNA,
Notary Public.

My Commission expires Oct. 6, 1954

Page 15 of Applicant's Board of Appeals Brief Filed May 25, 1953.

wheels 97% of the paint was deposited on the articles. Helmuth refers to the skilled labor and overspray-collecting equipment necessary in painting refrigerator cabinets by the conventional spray-gun technique.

Gilbert Isgrigg has had experience in painting metal-table tops and shelves by applicants' method and by a method employing electrostatic deposition of air-atomized paint. His affidavit establishes that applicants' method and apparatus doubles paint-utilization efficiency, provides a heavier and more uniform coating, removes the necessity for "touch-up" men, makes possible the elimination of paint-recovery equipment, is subject to less frequent interruption of operation, reduces maintenance labor, and requires less frequent adjustment.

The affidavit of Donald C. Howarth testifies to the wide acceptance and commercial success of applicants' invention on industrial production lines. At the date of the affidavit, 78 licensees including such companies as General Electric, Dupont, and Studebaker had paid substantial initial sums and were making continuing monthly payments for the right to use 101 production units embodying the invention.

The advantages and commercial success to which the affidavits testify establish that applicants' invention possesses real worth and constitute compelling evidence that what applicants have done would have been done much earlier had it required only mechanical skill.

VI. The Prior Art.

The principal reference relied upon by the Examiner is the Formhals patent No. 2,187,306, which shows a process of making a composite thread by collecting fine fibres on a

Page 5 of Last Board of Appeals Decision of December 18, 1953 Resulting in Allowance of Method Claims in Suit.

Appeal No. 372-08

The other patents relied on by the Examiner, Althouse and Gundelfinger, show that the use of belts for conveying thread is well known in the art. These patents require no detailed description.

The Examiner has taken claim 88 as illustrative of the method claims under consideration. He contends that the only distinguishing feature of this claim over Formhals lies in the statement that the liquid is dispersed and deposited while still in a liquid state, and he holds that "such a statement adds nothing patentable to the process of Formhals but merely states what are the results desired." With reference to claims 72, 89, 91, 96, 97, and 99, the Examiner points out that these claims omit the limitation contained in claim 88 to the effect that the particles as deposited are liquid.

In controverting the rejection of the claims, the appellants contend that they were the first: "to spray paint onto an article surface by electrostatically *atomizing* it into discrete particles, electrostatically *dispersing* those particles, and electrostatically depositing them while *still liquid*," thereby eliminating the necessity for atomizing air and attaining high paint-utilization efficiencies and other advantages testified to in the affidavits filed in the present case.

We have examined these affidavits with care and we find that they establish beyond question that the spray-painting process to which the claims are directed has achieved commercial success.

The appellants further argue that:

> "it is improper to regard Formhals' stream-shattering as 'atomization' or his long fibres as 'particles'; but

FROM DEFENDANT'S EXHIBIT 6—FILE HISTORY OF STARKEY AND RANSBURG APPLICATION SERIAL NO. 434,366 FROM WHICH STARKEY ET AL. APPARATUS PATENT NO. 2,794,417 ISSUED JUNE 4, 1957.

Amendment C filed August 23, 1956 in which claim 4 in suit was presented following which allowance was entered.

IN THE UNITED STATES PATENT OFFICE.

In re application of William A. Starkey *et al.*	Apparatus for Electrostatically Coating Articles.
Serial No. 434,366 Filed June 4, 1954	Division 25.

AMENDMENT "C".

Hon. Commissioner of Patents,
Washington, D.C.

Sir:

Please enter the following amendment:

In the specification:

Page 1, line 3, after "No." insert —2,685,536—; same line, after "granted" insert —August 3, 1954—.

Page 6, line 16, after "material," add — **As illustrated in the drawings, the needles are sufficiently close together as to cause the coating material to bridge the spaces therebetween.**

C¹

In the claims:

Cancel claims 1, 9, 12, 13, 15, 16, and 17 without prejudice.

Please insert the following new claim:

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*(4.) ~~9.~~ —~~18.~~ Apparatus for electrostatically spray-coating an article, comprising an atomizing head, means

for feeding liquid coating material to said head, means including said feeding means for distributing coating material to an extended atomizing zone where it is atomized from a plurality of spaced points, said points being sufficiently close together to permit the coating material to bridge the spaces therebetween, a support for supporting an article to be coated in spaced relation to said atomizing zone, and means including a high-voltage source for creating over the surface of the article on said support an electrostatic field capable of atomizing the coating material into finely divided, electrically charged particles and electrostatically depositing particles atomized from said atomizing zone on the article while still in liquid state, said atomizing head and support being so relatively disposed as to provide between the article and the atomizing zone a spacing great enough to permit substantial dispersion of the atomized particles by the electrostatic forces of the field.—

REMARKS.

Applicants' attorney desires to express his appreciation for the courtesies extended to him at the recent interview with the Examiner in charge of the application.

At the interview, the final rejection of the claims on the grounds stated in paper No. 9 were discussed at some length and a new claim (here submitted as claim 18) was also discussed.

It was pointed out that one of the features of the suggested new claim is the provision of feeding means which distribute coating material to an extended atomizing zone from which zone it is atomized from a plurality of spaced points with the points being so close together as to permit the coating material to bridge the spaces therebetween. Such, of course, is not the system of Formhals as, regardless of the spacing of his nozzles, the coating material being contained within the nozzle could not bridge the space therebetween.

It was suggested by the Examiner that the obviously inherent bridging of the coating material at least in the apparatus illustrated in Figures 5 and 6 be pointed out in the specification and accordingly the specification has been amended to do so.

The unallowed claims remaining in the application are proposed to be cancelled with this amendment and it was believed at the interview that an action of this nature by applicants would place the case in condition for allowance.

Therefore, withdrawal of the final rejection, entry of the present amendment, and reconsideration and allowance of the application as now presented are respectfully requested.

Respectfully submitted,

SCHROEDER, HOFGREN, BRADY & WEGNER,
WILLIAM J. STELLMAN.

Chicago, Illinois,
August 21, 1956.

In the

United States Court of Appeals

For the Seventh Circuit

SEPTEMBER TERM, 1959—APRIL SESSION, 1960

No. 12737

BINKS MANUFACTURING COMPANY, ETC.,
Plaintiff-Appellant,
v.
RANSBURG ELECTRO-COATING CORPORATION, ETC.,
Defendant-Appellee.

Appeal from the United States District Court for the Southern District of Indiana, Indianapolis Division.

July 27, 1960.

Before [redacted]ACKENBERG, KNOCH and CASTLE, *Circuit Judges.*

CASTLE, *Circuit Judge.* Binks Manufacturing Company, plaintiff-appellant, prosecutes this appeal from a judgment of the District Court holding claims 1 to 6, 8, 10 and 11 of Starkey and Ransburg method patent No. 2,685,536 and Claim 4 of Starkey and Ransburg divisional apparatus patent No. 2,794,417 valid and infringed by use of the plaintiff's electrostatic spraying emitter. The judgment order enjoined plaintiff from further infringement, granted damages, reasonable attorneys' fees and costs to defendant, and dismissed plaintiff's cross-counterclaim alleging anti-trust law violations by defendant. Ransburg Electro-Coating Corporation, defendant-appellee, is the assignee-owner of both patents.

The action originated in the District Court as a complaint for declaratory judgment which was dismissed as

moot when the defendant patentee counterclaimed charging plaintiff with infringement. Plaintiff's answer raised the issues of validity and infringement and its cross-counterclaim charged anti-trust law violations, unfair competition and misuse of patents. Substituted pleadings retained the same issues. The cause was heard on the pleadings, stipulations, admissions, answers to interrogatories, depositions, exhibits and the testimony of witnesses for the defendant.

The parties will be referred to by their original designations as plaintiff and defendant. Defendant is the patentee asserting infringement. Plaintiff is defending against that charge and affirmatively asserting anti-trust law violations.

The patents in suit relate to a method and apparatus for electrostatically coating articles with liquid coating material, including paint. There are several methods by which many articles of manufacture may be painted, including dipping, roller-coating, flow-coating and spraying. Defendant (and the predecessor partnership composed of its owners) has developed two methods of electrostatic coating. A compressed-air electrostatic system is referred to as the No. 1 Process. The patents in suit relate to an airless electrostatic system referred to as the No. 2 Process. During the year 1957 the total cost of all paint, varnish and lacquer used industrially in the United States approximated 644 million dollars. Approximately one per cent was applied by defendant's No. 2 Process and 0.6% by defendant's No. 1 Process.

In the No. 1 Process the paint is sprayed by means of compressed-air spray guns into an electrostatic field which is maintained between wires or electrodes and the conveyorized articles of manufacture so that paint particles are electrostatically charged and urged toward deposition upon the articles by the effect of the field.

In the No. 2 Process, the airless system to which the patents involved relate, the electrostatic field is maintained directly between an atomizing device and the articles on the conveyor. The liquid coating or paint is fed at a controlled rate to and distributed along the extended edge of a stationary or a rotary atomizing head. The strength of the electrostatic field at the edge is such that

the field is capable of electrostatically atomizing fine electrically charged particles from the liquid. The field disperses these particles in the form of a spray and deposits them upon the articles to be coated. Patent No. 2,685,536 is upon the method employed in such airless electrostatic coating or spray-painting and patent No. 2,794,417 is upon the apparatus employed therein. The method and device electrostatically effect atomization, dispersion and deposition in combination and under control.

The No. 1 Process reduced coating material losses due to over-spray but in many instances considerable loss persisted because the electrostatic field only partially counteracted the tendency of the compressed-air blast to carry the coating material elsewhere than to the articles to be coated or painted. The No. 2 Process eliminated the necessity of compressed-air spray guns to atomize the coating materials. In many applications it virtually eliminated over-spray, and thus paint loss or waste. It reduced labor costs for clean-up operations and substantially reduced the manufacturer's investment in spray booths, exhaust systems and related equipment.

The District Court made 94 detailed findings and 11 conclusions of law. The evidence included testimony of defendant's witnesses, including expert testimony. Consequently, insofar as the findings concern factual issues such as the use made of prior art, and the nature of the improvement made over prior art, Rule 52 (a) Federal Rules of Civil Procedure, 28 U.S.C.A. applies. The scope of our review is thus limited to a determination of whether such findings are "clearly erroneous". *Armour & Co.* v. *Wilson & Co., Inc.*, 274 F. 2nd 143, 156. If they find support in the evidence we are bound thereby.

The errors relied upon by plaintiff arise out of the District Court's findings and conclusions and its exclusion of certain evidence offered by plaintiff.

Plaintiff contends the patents are invalid for lack of invention over prior art; that the court's finding of commercial success was error because the stationary electrostatic atomizing heads shown and described in the patent were never commercialized; that the method claims in suit fail to set forth a patentable invention; that Claim 4 of the apparatus patent is invalid as constituting double

patenting; that representations of commercial success made to the patent office were false and the patents procured were therefore a fraud on the public and unenforceable; and that Claim 4 of the apparatus patent is invalid because of public use.

Prior art relied upon by plaintiff includes a description of a procedure referred to as "spinning sealing wax" in an 1850 publication entitled "Electrical Experiments" by one Francis; an 1887 article by C. V. Boys describing an experiment characterized as "electrical spinning"; 1915 and 1917 articles by Professor John Zeleny concerning the effect of electrical current on surface points of liquids and the instability of electrified liquid surfaces; Littlefield patents Nos. 1,360,654 and 1,854,475; Darrah patent No. 1,958,406; Gravley patent No. 2,359,476 and Heis patent No. 1,475,995.

The Francis and Boys articles disclose nothing more than laboratory experiments demonstrating that an electrostatic field could form threads or fibers from molten wax or other viscous material. Zeleny disclosed laboratory demonstrations of the fact that an electrostatic field is capable of exerting atomizing action from liquid surfaces. These references disclose action due to electrostatic forces. They neither disclose nor suggest the combination of steps or elements which endows defendant's method and apparatus patents with novelty and which adds to the source of useful knowledge. The Littlefield patents, at most, disclose electrostatic atomization, and like the Darrah reference which, in addition, shows projection of the atomized liquid by electrostatic force, they contain no suggestion of a spray-receiving object to attract the particles. Nor was defendant's electrostatic de-tearing process described in the cited Gravley patent suggestive of either a method or a device to apply a coating. Gravley discloses the use of electrostatic force to remove an excess of coating. In that process an article, coated, as by dipping, with an excess of liquid coating material is partially drained and then brought into association with an electrostatically charged grid. The "tears" of excess liquid at the bottom of the article are attracted to the grid by electrostatic force and leave the article. The Heis patent deals with a method and apparatus wherein gaseous substances are passed through an electrostatic field to promote chemical reaction. It suggests nothing useful in the field of the

patents here challenged. That plaintiff's accused device uses an atomizing head similar to the conductive disks disclosed by Heis does not have the effect, as plaintiff seems to urge, of suggesting defendant's novel adaptation of electrostatic atomization, dispersion and deposition to the field of spray-coating or spray-painting. None of the prior art teaches nor suggests the combined atomization, dispersion and deposition of coating material through utilization of electrostatic force.

Defendant's patents are combinations of old elements in a novel manner productive of new and useful results. The District Court was not in error in finding the defendant's method and apparatus patents impregnable as against the cited references to prior art, nor in finding they constituted a broad and basic invention. The evidence substantially supports the District Court's factual findings and it applied the correct criteria of invention. *Leeds & Catlin Company* v. *Victor Talking Machine Co.*, 213 U.S. 325, 332; *Lewyt Corporation* v. *Health-Mor, Inc.*, 7 Cir., 181 F. 2d 855, cert. den. 340 U.S. 823; *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 152.

The District Court's finding of commercial success was not "clearly erroneous". It was well supported by the evidence. Such a finding is not of itself determinative of the issue of invention. It cannot lend validity to a patent where invention is plainly lacking. *Goldman* v. *Bobins*, 7 Cir., 245 F. 2d 840, 844; *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 153. But, although not of itself decisive, commercial success is a factor which should not be ignored. *University of Illinois Foundation* v. *Block Drug Co.*, 7 Cir., 241 F. 2d 6, 11; *Technical Tape Corp.* v. *Minnesota Mining & Manufacturing Co.*, 2 Cir., 247 F. 2d 343, 348, cert. den. 355 U.S. 952.

The specific atomizing heads shown in the specifications of defendant's method and apparatus patents utilize spaced needles, spaced orifices, or spaced wire wrappings. The liquid emerging from the interior of the head is thus mechanically divided into droplets from which the atomization takes place. The defendant's commercial atomizing device utilized a rotating bell or rotating disk through which the liquid coating is fed and at the edge of which atomization takes place at a plurality of closely spaced points. However, neither the claims of the method patent

nor of the apparatus patent are limited to feeding the liquid through a plurality of orifices or points of separation obtained mechanically or structurally. And the claims not the drawings define the invention. *American Anode, Inc.* v. *Lee-Tex Rubber Products Corp.*, 7 Cir., 136 F. 2d 581. The variance in structure employed in the commercial atomizing head is not indicative that the commercial success enjoyed is not attributable to the method and apparatus patent. The revolving bell or rotating disk feeding the paint to the atomizing zone by centrifugal force is fully embraced within the general concepts of the invention and constitutes a mere improvement in the mechanics of presenting the liquid to the zone of atomization.

And what has been said in this connection on the subject of commercial success also disposes of plaintiff's contentions that because of the difference between the atomization heads shown in the drawings and those utilized in defendant's commercial system a fraud was practiced on the Patent Office in the representations made with respect to commercial success and that the alleged fraud is indicative of defendant's purpose "to monopolize wrongfully the entire field of electrostatic coating on false affidavits."

We find no merit in plaintiff's contention that the method claims fail to satisfy the requirements of the patent statute (35 U.S.C.A. §112) because they merely cite a desired result rather than the means for producing the same, and because of incompleteness due to failure to specify voltages, spacing, and liquids to which they are applicable. The process claims define the specific steps of procedure and the specifications being addressed to those skilled in the art (*Highway Appliance Co.* v. *American Concrete Expansion Joint Co.*, 7 Cir., 93 F. 2d 113) need not recite details. The pertinent portion of the statute provides:

> "An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material or acts described in the specification and equivalents thereof."

There is no requirement that quantitative values for such factors as voltage, spacing and liquid characteristics be recited. The fact that experimentation or the exercise of judgment is necessary to adapt a patented process to particular material or to obtain the particular results desired does not impair validity of the patent. *Lever Bros. Co.* v. *Procter & Gamble Mfg. Co.*, 4 Cir., 139 F. 2d 633, 638-639.

Nor does the fact that there are liquid coating materials which cannot be used in an airless electrostatic spray-coating system make defendant's claims broader than its invention. The invention is not overclaimed in being directed broadly to liquid coating materials. The liquids are the materials upon which the process acts—not the active agent. Plaintiff's reliance on *Graver Tank & Manufacturing Co., Inc.* v. *Linde Air Products Co.*, 336 U.S. 271 is ill-placed. There the fluxes were claimed and included some inoperative to provide the desired feature. The method patent here involved does not purport to claim or extend to the liquid coating materials upon which it operates.

Plaintiff asserts that Claim 4 of the apparatus patent is invalid as constituting double patenting. Its argument is predicated upon the common disclosures of Claim 1 of the method patent and Claim 4 of the apparatus patent with respect to a plurality of points "spaced to form a substantially continuous extended atomizing zone" and being "sufficiently close together to permit the coating material to bridge the spaces therebetween" and defendant's witness Miller's testimony that "in order to form a continuous atomizing zone bridging is necessary so that you will get continuous and uniform feeding to the various atomizing points or sites." But it is entirely proper to cover the same disclosure by two patents co-pending, one for the method and the other for the apparatus. *General Tire & Rubber Co.* v. *Fisk Rubber Corp.*, 6 Cir., 104 F. 2d 740, cert. den. 308 U.S. 581. Nor do the patents in suit involve double patenting of the subject matter of Ransburg patent No. 2,658,009. The latter covers a different feature, the use of an additional electrode to "shape" a spray, and in any event has a filing date later than the patents in suit.

The amendment of Claim 4 in 1956, while the apparatus patent was pending, to incude a reference to the "bridging" feature was not insertion of new matter in departure from the original applications in violation of 35 U.S.C.A. §132. The "bridging" was inherent in what the original applications disclosed. The District Court's findings as to the bridging feature are supported by the record. There is evidence that the atomizing head utilizing spaced needles provided a series of gutters between adjacent needles fed with liquid through openings present between the contacting needles, the plate and the wall of the device; that liquid or paint in the gutters would divide between the droplets formed at the tip of the needles and in so doing form a continuous web or film bridging the space.

Muncie Gear Works, Inc. v. *Outboard Marine & Mfg. Co.*, 315 U.S. 759, 768, cited by plaintiff, is not applicable. In the instant case the original application disclosed the basis for the amended claim and there is no evidence of public use more than one year before the invention was first presented to the Patent Office.

Prior to the submission of the amendment to Claim 4 plaintiff had sent a drawing of its accused device to the defendant in connection with negotiations concerning licensing. The District Court's finding that the amendment to Claim 4 was not the result of any disclosure of plaintiff's device, but was an earlier and independent development is supported by the evidence.

Plaintiff's accused method and apparatus employ a stationary electrostatic emitter, the atomizing head of which has two coaxial concentric disks spaced about 0.007 inches apart, having a knife-edge at each periphery, presented edgewise to the article. Liquid coating material or paint is supplied at a controlled rate near the center of the disks. It is formed into a film in the space between the disks and flows outward to the periphery. A spacer or shim between the disks confines the liquid film to a portion of the disk circumference. At the periphery of the disk the field draws the edge of the film into a series of closely spaced cusps and atomizes finely-divided electrically charged particles from the tips of the cusps. The field disperses the atomized particles and deposits them on the grounded article. No mechanical means is provided for spacing the cusps.

While in all the specific embodiments of the method and apparatus disclosed in the patents in suit the liquid emerges from the interior of the atomizing head through a plurality of orifices and is mechanically divided or concentrated into droplets from which the atomization takes place, the method claims are not limited to feeding the liquid through a plurality of orifices or to its concentration into droplets. Nor is Claim 4 of the apparatus patent limited to an atomizer which has a plurality of feed orifices or mechanical provisions for concentrating the liquid into droplets. The District Court's finding of infringement is supported by the testimony of defendant's expert witness concerning the features of the accused device as compared to the claims of the patents in suit. Plaintiff bases its case for non-infringement on the absence from its emitter of any physical or mechanical points. That argument fails because the claims in suit are not limited to a system including physical or mechanical points. Plaintiff's system employs the principle of the patents in suit, appropriates the substance of the invention as defined in the claims, does the same work in the same way, and accomplishes the same result. The slight change in form does not avoid infringement. The fact that there are structural differences between plaintiff's emitter and the heads specifically shown in the patents in suit is without significance in respect to infringement of the method patent. Infringement of a method patent is not dependent on the form of apparatus used. *Cochrane* v. *Deener*, 94 U.S. 780, 787-788. It is not material whether the means employed, the extended edge of the atomizer head, has physical points or is an uninterrupted edge.

On the patent branch of the case we conclude that the District Court's findings of fact are supported by the record, including expert testimony, and are not clearly erroneous. And, the District Court's conclusions of law with respect to validity and infringement are applications of correct legal criteria.

Plaintiff's cross-counterclaim alleged violation of Sections 1 and 2 of the Sherman Act (15 U.S.C.A. §1 and §2), and Section 3 of the Clayton Act (15 U.S.C.A. §14). Plaintiff's contention that the District Court erred in the dismissal of its cross-counterclaim is predicated on charges

that the District Court erroneously found and concluded that the defendant had not misused the patents in suit by reason of having combined licenses thereunder with leases of equipment and by not identifying the particular patents in the license agreements; that a cross-licensing agreement between defendant and another manufacturer was not for an unlawful purpose and its performance not a misuse of patents, nor in violation of the anti-trust law provisions, nor a damage to plaintiff; that a discontinued license-back provision in defendant's early license agreements did not constitute anti-trust law violation; and that patent procurement activities of the defendant did not violate the anti-trust law provisions.

On the record it had before it we cannot say there is clearly error in the District Court's finding and conclusion that plaintiff's domination of the airless electrostatic spraying system market is solely by virtue of the monopoly created by its patents and has not been extended or enlarged beyond its proper scope. The evidence supports a conclusion that plaintiff failed to establish that defendant has engaged in any activity beyond the exercise of rights incident to its patent monopoly.

The record establishes that defendant does not sell equipment outright nor has it licensed anyone to make and sell electrostatic spray-coating systems. Although defendant offers license agreements containing a lease of equipment the leasing arrangement is not imposed as a condition of licensing and licenses are available without equipment being leased from the defendant. The combined license-lease arrangement was therefor not illegal nor a misuse of patents under the Clayton Act. *Cf. Linde Air Products Co. v. Graver Tank & Mfg. Co.*, 7 Cir., 167 F. 2d 531, 539. Although the record discloses that customers preferred the license-lease arrangement it is not indicated that such preference was due to defendant's insistence. Nor did the evidence concerning the difference in consideration paid require a finding that it was a compelling factor. That defendant furnished replacement parts without additional charge where the licensee leased equipment does not, on the facts here involved, evidence a Clayton Act or other anti-trust law violation. *Cf. Stearns v. Tinker & Rasor*, 9 Cir., 252 F. 2d 589, 604. The monopoly of defendant's patents was not extended by the agreement to articles or supplies not covered by the patent.

The license agreement does not identify specific patents but grants a right to use an identified process for coating particular items in accordance with a system identified by a drawing. No licensee pays for or receives any license under a patent not applicable to the system. The licenses are terminable by the customer on thirty days notice. It does not appear that any attempt is made to extend a patent monopoly beyond the life of the patent, nor is the issuance of a license to use the system covered by the patents in suit conditioned on the acceptance of licenses under unwanted patents. No prohibited "package licensing" is involved. *Apex Electrical Mfg. Co.* v. *Altorfer Bros. Co.*, 7 Cir., 238 F. 2d 867, 871; *Automatic Radio Mfg. Co. Inc.* v. *Hazeltine Research, Inc.*, 339 U.S. 827.

Defendant's cross-licensing agreement with Behr-Manning does not purport to embrace the patents in suit and the evidence establishes no direct damage to plaintiff's business or property as a result thereof. Relief under plaintiff's cross-counterclaim cannot be predicated on the cross-licensing agreement. *Blaski* v. *Inland Steel Company*, 7 Cir., 271 F. 2d 853, 854-5. It is unnecessary that we consider the specific findings made by the District Court as to its validity or effects otherwise.

Between 1954 when defendant began to market its No. 2 Process on a commercial scale, and 1955 the license agreement contained license-back provisions requiring that future inventions by the licensee pertaining to method and apparatus for electrostatic atomization of liquids or to coating with electrostatically atomized liquids be licensed to defendant royalty-free, on a nonexclusive basis, with the right to sub-license. The license-back provisions were eliminated from defendant's license forms in 1955. Defendant obtained no licenses from any of its licensees pursuant to the clause and the effect of the clause on the incentive of licensees to make improvements is purely conjectural. A license-back clause is not illegal *per se*. *Transparent-Wrap Machine Corp.* v. *Stokes & Smith Co.*, 329 U.S. 637. Unlike the situations condemned in *United States* v. *General Electric Co.*, 80 F. Supp. 989 and *United States* v. *General Electric Co.*, 82 F. Supp. 753 there is no wide-spread network of such agreements between competing companies affecting an entire industry.

Plaintiff's contention that the representations made by defendant to the patent office in the procurement of the patents in suit were false has been considered in connection with the arguments addressed to the question of commercial success. It is apparent that the representations did not evidence a purpose to "monopolize wrongfully the entire field of electrostatic coating on false affidavits" in violation of anti-trust law prohibitions as urged by plaintiff.

Plaintiff asserts error based on the District Court's ruling excluding from evidence, on defendant's objection, a certified copy of a consent judgment in an action brought by the United States against the Behr-Manning Corporation and certain other manufacturers charged with conspiring by means of patent agreements to monopolize commerce in coated abrasives. This consent decree did not find or adjudicate that the agreement between defendant and Behr-Manning was a violation of anti-trust law or otherwise unlawful, and neither that agreement nor the defendant was involved in any way in that action. It was an agreed judgment not in any way binding on defendant. The defendant was neither a party nor a privy to the action. There was no error in rejecting the proffered decree.

The other claimed error relating to exclusion of evidence concerns the District Court's ruling in sustaining defendant's objection to the admission of one answer in a deposition. The answer was a voluntary statement of the witness of a conclusion, and not being within the field of expert opinion by one qualified to testify in such field, was clearly not admissible. The ruling was not error.

The District Court's allowance of attorneys' fees to defendant is not predicated on any specific finding as to the basis for such an award. Allowance of such fees should find support in a specific finding as to the exceptional circumstances justifying the award. *Apex Electrical Mfg. Co.* v. *Altorfer Bros. Co.*, 7 Cir., 238 F. 2d 867, 874. From our review of the record we are of the opinion that the facts do not justify a conclusion that there is herein presented the "exceptional case" in which attorney's fees are allowable under 35 U.S.C.A. §285. Plaintiff has long been in the spray-painting equipment

business. The controversy which precipitated the action appears to have been *bona fide*. See *Anderson Company* v. *Sears, Roebuck and Co.*, 7 Cir., 265 F. 2d 755. Plaintiff's negotiation for a license and its reluctance to supply the accused device without an indemnification agreement from the prospective customer indicate only business prudence similar to that exercised by defendant in its original acquisition of certain patents and in obtaining the cross-licensing agreement with Behr-Manning. It was the defendant who converted the declaratory judgment proceeding into a patent infringement suit at a time when the whole basis of the infringement charge was a single unit built by plaintiff and used by it experimentally and for demonstration purposes, none having been sold by plaintiff. It is our conclusion that the District Court's allowance of attorneys' fees was, on the facts presented, an abuse of discretion.

Plaintiff filed a motion in this Court to vacate the District Court's judgment and remand the cause for consideration of newly discovered evidence in the form of two patents issued to defendant subsequent to the appeal to this Court. Plaintiff relies on the provisions of Rule 60 (b) of the Federal Rules of Civil Procedure (28 U. S. C. A.). The motion was taken with the case by order entered August 14, 1959.

When an appeal from a judgment is pending a motion under Rule 60 (b) for relief from the judgment because of newly discovered evidence should be filed in the district court and that court should proceed to hear the motion. If the district court indicates that it will allow the motion the court of appeals should then be requested to remand the cause. This procedure was followed in *Zysset* v. *Popeil Bros. Inc.*, 7 Cir., 276 F. 2d 354 where we remanded for consideration of alleged newly discovered evidence on the District Court's certification that there appeared to be sufficient cause at law to warrant reopening of its judgment pursuant to Rule 60 (b). See also *Ferrell* v. *Trailmobile, Inc.*, 5 Cir., 223 F. 2d 697, 698-9; *Smith* v. *Pollin*, D.C., 194 F. 2d 349, 350 and 7 Moore's Federal Practice, 2d Ed. 336, Par. 60.30 (2).

Apart from the fact that plaintiff's motion is not properly addressed to this court it is predicated upon arguments with respect to the scope of the claims in suit similar

to those which we have found unsound in considering plaintiff's appeal. The subsequently issued patents cover the commercial form of the defendant's equipment. Their validity is not here in issue. They are at most improvements on the patents in suit. The evidence relied upon as newly discovered would not in our opinion have affected the judgment of the District Court.

The judgment of the District Court is affirmed in all respects except insofar as it allows attorneys' fees to defendant. It is reversed as to the allowance of attorneys' fees.

AFFIRMED IN PART AND REVERSED IN PART.

A true Copy:

Teste:

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Clerk of the United States Court of Appeals for the Seventh Circuit.

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